IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached offering circular (the "**Offering Circular**"). In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from AmBank (M) Berhad (the "**Issuer**") as a result of such access.

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

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGERS AND DEALERS (EACH AS DEFINED BELOW) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THIS OFFERING CIRCULAR CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of Your Representation: By accessing this Offering Circular you confirm to Australia and New Zealand Banking Group Limited, AmInvestment Bank Berhad, Standard Chartered Bank and Standard Chartered Bank (Singapore) Limited as arrangers and dealers (together the "**Arrangers**" and "**Dealers**") and the Issuer, that (i) you understand and agree to the terms set out herein, (ii) you are not and the email address which you have provided and to which this Offering Circular has been sent is not in the United States, its territories and possessions, (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Arrangers and Dealers and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Notes (as defined in the attached Offering Circular).

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person and in particular to any person or address in the U.S. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received this Offering Circular by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you receive this Offering Circular by e-mail, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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 such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers or the Dealers or any affiliate of the Arrangers or the Dealers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the Arrangers or the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in this Offering Circular.

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 the Arrangers and Dealers, the Agents, the Issuer nor any person who controls or is a director, officer, employee or agent of the Arrangers and Dealers, the Agents, the Issuer nor any 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 available to you on request from the Arrangers and Dealers.

The distribution of the Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by the Arrangers and the Issuer to inform themselves about, and to observe, any such restrictions.

OFFERING CIRCULAR DATED 8 NOVEMBER 2018

AmBank (M) Berhad

(Company No. 8515-D)

(incorporated with limited liability in Malaysia)

U.S.$2,000,000,000

Euro Medium Term Note Programme

On 2 August 2013, AmBank (M) Berhad (the "**Issuer**" or the "**Bank**") established a U.S.$2,000,000,000 Euro Medium Term Note Programme (the "**Programme**") and prepared an offering circular dated 2 August 2013. This Offering Circular supersedes any previous offering circular and supplements thereto prepared in connection with the Programme. Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**", which expression shall include Senior Notes and Subordinated Notes (each as defined herein)). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,000,000,000 (or the equivalent in other currencies) unless such amount is otherwise increased pursuant to the terms of the Programme. The Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "**Official List**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes. Unlisted Series (as defined herein) of Notes may also be issued pursuant to the Programme. In respect of any issue of Notes, the applicable Pricing Supplement (as defined herein) will specify whether or not such Notes will be listed on the SGX-ST, Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") under an Exempt Regime, the Labuan International Financial Exchange Inc. (the "**LFX**") or any other stock exchange.

Application may be made to Bursa Malaysia for permission to list any of the Notes under an Exempt Regime at the option of the Issuer. There is no assurance that any application will be made to Bursa Malaysia for permission to list any of the Notes under an Exempt Regime and if such an application were to be made, there is no assurance that the application will be approved and there can be no assurance that such listings will occur at all. If Bursa Malaysia's approval is obtained, the Notes will be listed under an Exempt Regime of Bursa Malaysia but will not be quoted for trading and for so long as the Notes are so listed, the Issuer will be obliged to comply with certain continuing obligations including, but not limited to, the announcement of information pertaining to each issuance of Notes prior to the issuances, any material information and information or documents as prescribed by Bursa Malaysia. Bursa Malaysia 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 content of the Offering Circular before investing. If in doubt, the investors should consult their advisers.

Application may be made to the LFX for the listing of, and permission to deal in, any of the Notes that may be issued under the Programme at the option of the Issuer. There is no assurance that any application will be made to the LFX for permission to list any of the Notes and if such an application were to be made, there is no assurance that the application will be approved and there can be no assurance that such listings will occur at all. The LFX assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investor should consult his or her adviser. Admission to the Official List of the LFX is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

The Notes may be issued in bearer form (the "**Bearer Notes**") or in registered form (the "**Registered Notes**"). Each Tranche (as defined herein) of Bearer Notes 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. Each Tranche of Registered Notes will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") (the "**Common Depositary**") or with a sub-custodian for the Central Moneymarkets Unit Service ("**CMU**") operated by the Hong Kong Monetary Authority ("**HKMA**") (such Notes, "**CMU Notes**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Programme has been rated Baal by Moody's Investors Service, Inc. and BBB+ by Standard & Poor's Rating Services. Notes to be issued under the Programme will 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 security 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. Where a Series of Notes is rated, the relevant rating for the Notes shall be specified in the applicable Pricing Supplement.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States ("**U.S.**"), and the Notes may include bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer Notes, delivered within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act.

Prospective investors should have regard to the factors described under the section headed "Investment Considerations" in this Offering Circular.

The approval of the Securities Commission Malaysia (the "**SC**") for the Programme pursuant to applicable Malaysian laws was obtained on 4 July 2013. The approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes to be issued under the Programme. The submission to the SC was made by AmInvestment Bank Berhad as the principal advisor.

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

Arrangers and Dealers

ANZ | AmInvestment Bank | Standard Chartered

The Issuer accepts responsibility for the information contained in this Offering Circular. The Issuer confirms that:

(i) this Offering Circular contains all information with respect to the Issuer and the Group and to the Notes that is material in the context of the issue and offering of the Notes (including all information required by applicable laws and the information that, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Notes);

(ii) the statements contained in it relating to the Issuer, and to the Group, are in every material particular true and accurate and not misleading;

(iii) the opinions and intentions expressed in it with regard to the Issuer and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions;

(iv) there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect;

(v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements, and (vi) this Offering Circular does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

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

No person 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 any of the Arrangers or Dealers (each 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 (as defined in Condition 10) (collectively, 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 the Prospectus 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 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, the Arrangers and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and this includes Notes in bearer form 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 Notes in bearer form) delivered within the United States. Accordingly, the Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers and sales of Notes and on 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 Arrangers or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Arrangers, the Dealers or the Fiscal Agent, Paying Agents, Calculation Agents, Registrars, Transfer Agents or CMU Lodging and Paying Agent (the "**Agents**") accepts any responsibility for the contents of this Offering Circular or for any other information provided by the Issuer in connection with the Programme or the issue and offering of the Notes. Each of the Arrangers, the Dealers and the 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 other information. Neither this Offering Circular nor any other financial statements contained herein or otherwise are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers, the Agents or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers or the Agents undertakes 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 the attention of any of the Arrangers or Dealers.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of the Notes is made and, if begun, cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

In respect of any Subordinated Notes issued under this Programme, by its acquisition of such Subordinated Notes, each holder and beneficial owner acknowledges and agrees inter alia that upon the occurrence of a Trigger Event (as defined in the Terms and Conditions of the Notes), all or some of the rights of holders of Subordinated Notes and the Receipts (as defined in the Terms and Conditions of the Notes) relating to them shall be subject to Write Off (as defined in the Terms and Conditions of the Notes) and the right to receive interest on any portion of nominal amount Written Off will cease and all interest amounts that were not due and payable prior to the Write Off shall be cancelled. See "*Investment Considerations — Considerations Relating to the Subordinated Notes*".

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers and Dealers or any affiliate of the Arrangers Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Arranger and Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

EXCHANGE RATE

Solely for the convenience of the reader, the Malaysian Ringgit amounts in this Offering Circular have been translated into U.S. dollars using the exchange rates of U.S.$1.00 = RM3.86 and U.S.$1.00 = RM4.04 for the amounts as at and for the financial year ended 31 March 2018 and the three-month period ended 30 June 2018 respectively.

CERTAIN DEFINITIONS AND REFERENCES

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 "**Singapore dollars**" and "**S$**" are to the lawful currency of Singapore, all references to "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States of America, all references to "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and all references to "**RMB**" or "**Renminbi**" are to the lawful currency of the People's Republic of China ("**PRC**").

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 of Malaysia.

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 (the "CMSA"), a copy of this Offering Circular will be lodged 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 including without limitation, the lodgement with the SC and the approval from BNM in respect of Notes. The Programme has been lodged with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued on 9 March 2015 and revised and effective from 8 November 2017 as amended from time to time and notification to the SC will be made in respect of the current update to the Programme. The recipient of this Offering Circular acknowledges and agrees that the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes. The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

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

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

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

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

INDUSTRY AND MARKET DATA

Industry and market data throughout this Offering Circular was obtained from a combination of internal company surveys, the good faith estimates of management, and data from various research firms or trade associations. While the Issuer believes that its internal surveys, estimates of management, and data from research firms or trade associations are reliable, none of the Issuer, the Arrangers, the Dealers or their respective affiliates has verified this data with independent sources. Accordingly, none of the Issuer, the Arrangers or the Dealers makes any representations as to the accuracy or completeness of that data. The Issuer is not aware of any misstatements regarding industry or market data contained in this Offering Circular; however, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed in the "Investment Considerations" section herein.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the unaudited consolidated and unconsolidated financial statements of the Issuer and the Group for the three months ended 30 June 2018;

(b) the audited consolidated and unconsolidated financial statements of the Issuer and the Group for each of the financial years ended 31 March 2017 and 2018 (together with the Directors' reports and the Independent Auditors' reports prepared in connection therewith) which have previously been published;

(c) the most recently published audited annual financial statements of the Issuer and the Group from time to time;

(d) any interim financial statements (whether audited or unaudited but reviewed) published subsequently to such audited annual financial statements of the Issuer and the Group from time to time; and

(e) each relevant Pricing Supplement and each Supplemental Offering Circular (as defined herein).

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 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.

Any published unaudited but reviewed interim financial statements which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited by the auditors of the Issuer or the Group. Accordingly, there can be no assurance that, had an audit 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 from the registered office of the Issuer and the website of www.ambankgroup.com/eng/InvestorRelations/FinancialResultsAndCorporatePresentations/Pages/default.aspx.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Arrangers and the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making 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 each Arranger and the Dealers such number of copies of such Supplemental Offering Circular or replacement hereto as such Arrangers or Dealers 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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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. 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..	AmBank (M) Berhad
Description	Euro Medium Term Note Programme
Programme Limit	Up to U.S.$2,000,000,000 (or its equivalent in other currencies at the date of issue) 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 and subject to any regulatory approvals.
Arrangers	Australia and New Zealand Banking Group Limited, AmInvestment Bank Berhad, Standard Chartered Bank and Standard Chartered Bank (Singapore) Limited.
Dealers	Australia and New Zealand Banking Group Limited, AmInvestment Bank Berhad, Standard Chartered Bank and Standard Chartered Bank (Singapore) Limited. Pursuant to the Dealer Agreement, the Issuer may from time to time appoint additional 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 listed above as Dealers and to such additional 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. The submission to the SC was made by AmInvestment Bank Berhad as the principal advisor.
Fiscal Agent and Paying Agent.......................	The Bank of New York Mellon, London Branch.
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch.
Registrar and Transfer Agent in respect of Registered Notes other than CMU Notes..	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Registrar and Transfer Agent in respect of CMU Notes	The Bank of New York Mellon, Hong Kong Branch (together with the Fiscal Agent, the Paying Agent, the CMU Lodging and Paying Agent and the Registrar and Transfer Agent in respect of Registered Notes other than CMU Notes, the "**Agents**").

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.

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

The minimum specified denomination of each Note 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 "**Prospectus Directive**") shall be EUR100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

Form of Notes.. The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. 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 (as defined in "— 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 (as defined below). 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.. Clearstream, Luxembourg, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

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 the Common Depositary or with a sub-custodian for 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, the Fiscal Agent, the CMU Lodging and Paying Agent, the Registrar 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, any maturity of more than one year as may be agreed between the Issuer and the relevant Dealer.

Method of Issue .... The Notes may be distributed by way of direct placement or bought deal or bookrunning basis, and in each case 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 nominal 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 nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Fixed Rate Notes .... Fixed Rate Notes will bear interest of the fixed rate per annum specified in the applicable Pricing Supplement. Fixed interest will be payable in arrear on such day(s) as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Pricing Supplement).

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, LIBID, LIMEAN, EURIBOR 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.
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 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.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so, the terms applicable to such redemption.
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 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, the Receiptholders 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 "Terms and Conditions of the Notes — 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)) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the 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), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
Status the Subordinated Notes	The Subordinated Notes will constitute direct, unconditional, unsecured, and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves. In the event of a Winding-up (as defined in the Conditions) of the Issuer, the claims of the Subordinated Noteholder shall rank in accordance with Condition 3(b).
Negative Pledge...	See "Terms and Conditions of the Notes — Negative Pledge". The Subordinated Notes will not have the benefit of a negative pledge.
Events of Default (including Cross Default)	See "Terms and Conditions of the Notes — Events of Default". The Subordinated Notes will not have the benefit of a cross default provision.
Ratings..	The Programme has been rated Baal by Moody's Investors Service, Inc. and BBB+ by Standard & Poor's Rating Services. The Tier 2 Capital Securities (as defined in Condition 3) are expected to be rated Ba2 by Moody's Investors Service, Inc. and BB+ by Standard & Poor's Rating Services. 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.
Early Redemption...	Except as provided in "Optional Redemption" above, Notes may be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes — Redemption, Purchase and Options".
Subordinated Notes – Loss Absorption	In the event of a Trigger Event, Subordinated Notes will be subject to interest cancellation and Write Off (as defined in Condition 11(a)) See Condition 11 and "*Investment Considerations — Considerations Relating to the Subordinated Notes*" for further details.

Listing	Application will be made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 or its equivalent in other currencies. Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series 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	English law.
Selling Restrictions	The United States, the European Economic Area, the United Kingdom, Malaysia, Japan, Singapore, Hong Kong, PRC and other restrictions as may be required in connection with a particular issue of Notes. See "Subscription and Sale". The Issuer is Category 1 for the purposes of Regulation S under the Securities Act. Bearer Notes will be issued in compliance with U.S. Treas. Reg.§1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with U.S. Treas. Reg. §l.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Bearer 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.
Use of Proceeds	The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for its general working capital purposes, general banking purposes, refinancing of its outstanding capital instruments, repayment of borrowings, investments into, on-lending and distribution of advances by the Issuer to its holding company, AMMB Holdings Berhad, any of the subsidiaries of AMMB Holdings Berhad and any of the subsidiaries of the Issuer in the event that AMMB Holdings Berhad is no longer the holding company of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, 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 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 terms and conditions 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 these terms and conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 8 November 2018 between the Issuer, The Bank of New York Mellon, London Branch as initial fiscal agent in relation to each Series of Notes other than Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**" and such Notes, "**CMU Notes**"), The Bank of New York Mellon, Hong Kong Branch as initial CMU lodging and paying agent, transfer agent and registrar in relation to each Series of CMU Notes, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent in relation to each Series of Registered Notes other than 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 8 November 2018 executed by the Issuer in relation to the Notes. The fiscal agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) appointed pursuant to the Agency Agreement are referred to below respectively as the "**Fiscal Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**" (such Fiscal Agent, CMU Lodging and Paying Agent, Paying Agents, Registrar and Transfer Agents being referred together as the "**Agents**"). 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 are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. For the purposes of these terms and conditions (the "**Conditions**"), all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority, be deemed to be a reference to the CMU Lodging and Paying Agent.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects and "**Series**" means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number.

The Notes may be either Senior Notes or Subordinated Notes, as specified in the relevant Pricing Supplement.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of each of the Paying Agents.

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 provided that 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 as amended, including by Directive 2010/73/EU) (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 relevant Notes).

All Registered Notes shall have the same Specified Denomination. Notes which are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.

Each Note may be a Fixed Rate Note, a Reset Rate Note, a Floating Rate Note, a Variable Rate Note, a Zero Coupon Note, an Instalment Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis and Redemption/Payment Basis shown thereon. Subject to compliance with all relevant laws, regulations and directives, Notes will have a maturity of more than one year.

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. Instalment Notes are issued with one or more Receipts attached.

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

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

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts, Coupons or Talons relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a 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.

References in these Conditions to Coupons, Talons, Couponholders and Receipts 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 holdings of Registered Notes**: A holding of one or more Registered Notes may, subject to Condition 2(f), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such holdings of 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 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 holdings of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of holdings of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

Transfers of holdings of Notes evidenced by a Global Note or a Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) **Exercise of Options or Partial Redemption 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, 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. 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 Transfer Agent. In the case of a transfer of a holding 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 (c) shall be available for delivery within seven business days of receipt of a duly completed form of transfer or Exercise Notice (as defined in Condition 6(f)) or Purchase Notice (as defined in Condition 6(g)) and surrender of the Certificate for exchange. 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 Noteholder 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 Noteholder 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 Transfer Agent or the Registrar (as the case may be) 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 or a gazetted public holiday, on which banks are open for general business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**: Transfers of holdings of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment 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 relevant Transfer Agent may require).

(f) **Closed Periods**: No Noteholder may require the transfer of a holding 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 before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)) or (v) during any period commencing on the date of a Trigger Event Notice and ending on the close of business in Kuala Lumpur on the effective date of the related Write-off (the "**Suspension Period**").

Transfers of holdings of any Subordinated Notes that are the subject of a Trigger Event Notice issued in accordance with Condition 11 shall not be permitted during any Suspension Period.

3 Status

(a) **Status of the Senior Notes**

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 law 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 the Subordinated Notes**

The Subordinated Notes will constitute direct, unconditional, unsecured, and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves.

In the event of a Winding-up of the Issuer, the claims of Subordinated Noteholders against the Issuer in respect of the Subordinated Notes shall (except as otherwise may be provided by applicable legislation):

(i) be subordinated in right of payment to the claims of all Unsubordinated Creditors of the Issuer;

(ii) rank senior in right of payment to the rights and claims of creditors in respect of Subordinated Indebtedness; and

(iii) rank *pari passu* in right of payment with the rights and claims of creditors in respect of Tier 2 Capital Securities.

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

In these conditions:

"**BNM**" means Bank Negara Malaysia or any successor from time to time having primary bank supervisory authority with respect to the Issuer.

"**Capital Requirements**" means the relevant capital adequacy requirements applicable to the Issuer from time to time and set out in the Capital Adequacy Framework (Capital Components) issued by BNM on 2 February 2018 (as may be amended, replaced or supplemented from time to time).

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

"**Tier 1 Capital Securities**" means any instruments qualifying as Tier 1 capital of the Issuer on an unconsolidated or consolidated basis and the consolidated capital of AMMB Group (for so long as AMMB is the holding company of the Issuer) under the Capital Requirements.

"**Tier 2 Capital Securities**" means any instruments qualifying as Tier 2 capital of the Issuer on an unconsolidated or consolidated basis and the consolidated capital of AMMB Group (for so long as AMMB is the holding company of the Issuer) under the Capital Requirements.

"**Unsubordinated Creditors**" means depositors and general creditors of the Issuer other than those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of Subordinated Noteholders in respect of the Subordinated Notes.

"**Winding-up**" means an administrator is appointed (provided that any such appointment has not been set aside within 30 days), an order is made for the winding-up or dissolution or administration of the Issuer or an effective resolution is 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 ceases or threatens to cease to carry on all or substantially all of its business or operations save for the purposes of reconstruction, reorganisation or amalgamation whilst solvent.

The subordination provisions set out in this Condition 3(b) are effective only upon the occurrence of any winding-up proceedings of the Issuer. In the event that a Trigger Event (as defined below) occurs, the rights *of holders in relation to any principal amount of Subordinated Notes written-off shall be subject to Condition 11. This may not result in the same outcome for Subordinated Noteholders as would otherwise occur under this Condition 3(b) upon the occurrence of any winding-up proceedings of the Issuer in the absence of any prior Write-Off.*

(c) **Subordinated Notes – no set-off**

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Subordinated Notes or the Agency Agreement in relation to the Subordinated Notes and each Noteholder will, by virtue of their holding of any Subordinated Note, be deemed to have waived all such rights of set-off, compensation or retention.

4 Negative Pledge

This Condition 4 is applicable to Senior Notes only.

So long as any Senior Note, or a Receipt or Coupon relating to a Senior Note, remains outstanding (as defined in the Agency Agreement) the Issuer will not create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or 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 Receipts and the Coupons relating to them the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security or such other arrangement (whether or not it includes giving security) as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) 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:

(a) 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 (provided that "**Relevant Indebtedness**" shall not include any such indebtedness which is quoted, listed or dealt in or traded only on a stock exchange or over the counter or on any other securities market in Malaysia); and

(b) either are by their terms payable, or confer a right to receive payment, in any currency other than Ringgit or are denominated in Ringgit and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Malaysia by or with the authorisation of the Issuer thereof.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes and Reset 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).

Except as otherwise specified in the relevant Pricing Supplement, each Reset Rate Note bears interest on its outstanding principal amount:

(i) in respect of the period from and including the Issue Date to but excluding the Reset Date, at the rate of the Initial Interest Rate; and

(ii) in respect of the period from and including the Reset Date to but excluding the Maturity Date (the "**Reset Period**"), at the Reset Interest Rate.

In this Condition 5(a):

“**Initial Interest Rate**” has the meaning given to it in the relevant Pricing Supplement.

“**Reset Date**” has the meaning given to it in the relevant Pricing Supplement.

“**Reset Interest Rate**” means the sum of the Benchmark Rate in effect as at the Reset Determination Date and the Margin, where, except as is otherwise stated in the relevant Pricing Supplement:

(i) “**Benchmark Rate**” means the U.S. Treasury Rate stated in the relevant Pricing Supplement;

(ii) “**Comparable Period**” has the meaning given to it in the relevant Pricing Supplement;

(iii) “**Comparable Treasury Issue**” means the U.S. Treasury security selected by the Issuer (or an agent appointed by it) as having a maturity of the Comparable Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of the Comparable Period;

(iv) “**Comparable Treasury Price**” means, in relation to the Reset Determination Date, the average of three Reference Treasury Dealer Quotations for such Reset Determination Date;

(v) “**Margin**” has the meaning given to it in the relevant Pricing Supplement *(being the difference between the Initial Interest Rate and the Benchmark Rate as specified in the relevant Pricing Supplement);*

(vi) “**Reference Treasury Dealer**” means each of the three nationally recognised investment banking firms that are primary U.S. Government securities dealers which shall be selected by the Issuer (or an agent appointed by it);

(vii) “**Reference Treasury Dealer Quotations**” means, with respect to each Reference Treasury Dealer and the Reset Determination Date, the average, as determined by the Calculation Agent upon notification by the Issuer (or an agent appointed by it), of the bid and asked prices for the Comparable Treasury Issue at 6:30 p.m. New York City time on the Reset Determination Date, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer (or an agent appointed by it) by such Reference Treasury Dealer on the Reset Determination Date;

(viii) “**Reset Determination Date**” means the day falling two business days prior to the Reset Date; and

(ix) “**Treasury Rate**” means, in respect of the Benchmark Rate for the Reset Determination Date, the rate in per cent. per annum notified by the Calculation Agent to the Issuer and the Noteholders equal to the yield, under the heading that represents the average for the week immediately prior to the Reset Determination Date, appearing in the most recently published statistical release designated “H.15(519)” (currently set out on the website http://www.federalreserve.gov/releases/h15/current/default.htm) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the Comparable Period.

If such release (or any successor release) is not published during the week preceding the Reset Determination Date or does not contain such yields, “Treasury Rate” means the rate in per cent. per annum, notified by the Calculation Agent to the Issuer, equal to the semi-annual equivalent yield to a maturity of the Comparable Period, calculated using a price for a maturity of the Comparable Period (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Reset Determination Date. If there is no Comparable Treasury Price for the Reset Determination Date, "**Treasury Rate**" means the rate in per cent. per annum notified by the Calculation Agent to the Issuer and the Noteholders equal to the yield, under the heading that represents the average for the week that was last available prior to the Reset Determination Date, appearing in the most recently published statistical release designated "H.15(519)" (currently set out on the website http://www.federalreserve.gov/releases/h15/current/default.htm) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity of the Comparable Period.

Interest (if any) for the Subordinated Notes will not have a credit-sensitive interest feature, as any applicable interest rate will not be adjusted based on any change in the Issuer's credit risk.

(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(h). 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 such date shall be brought forward to the immediately preceding Business Day and 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; or

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day; or

(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 in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination (as specified in the relevant Pricing Supplement) shall apply, depending upon which, if any, 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 Condition 5(b)(iii)(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:

(aa) the Floating Rate Option is as specified hereon;

(bb) the Designated Maturity is a period specified hereon; and

(cc) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this Condition 5(b)(iii)(A) only, "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

(aa) 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.

(bb) if the Relevant Screen Page is not available or, if Condition 5(b)(iii)(B)(aa)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if Condition 5(b)(iii)(B)(aa)(2) 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 Issuer (or an agent appointed by it) 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 it 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 Issuer (or an agent appointed by it) 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

(cc) if Condition 5(b)(iii)(B)(bb) above applies and 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 Issuer (or an agent appointed by it) 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 Issuer (or an agent appointed by it) 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 Issuer (or an agent appointed by it) 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 Condition 5(b)(iii)(B)(cc), 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).

(iv) *Rate of Interest for Variable Rate Notes*

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 Period relating to that Variable Rate Note, which shall be payable on the first day of such Interest 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 Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

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 Period shall be determined as follows:

(A) 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 shall endeavour to agree on the following:

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

(bb) 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 Period, an Agreed Yield in respect of such Variable Rate Note for such Interest 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 Period shall be zero); and

(cc) 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 Period, a Rate of Interest in respect of such Variable Rate Note for such Interest 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 Period; and

(B) if the Issuer and the relevant dealer do not agree either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Kuala Lumpur time) on the fifth business day prior to the commencement of the relevant Interest Period, or if there shall be no relevant dealer during the period for agreement referred to in Condition 5(b)(iv)(A), the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the Fall Back Rate (as defined below).

The Issuer undertakes to the Fiscal Agent and the Calculation Agent (if any) 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:

(aa) 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 Period; and (bb) 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.

For the purposes of Condition 5(b)(iv)(B), the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no relevant dealer during the period for agreement 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.

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, above (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 6(b)(i)).

(d) **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.

(e) **Accrual of Interest**: 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 8).

(f) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (aa) generally, or (bb) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (aa), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (bb), 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 Condition 5(g)(ii).

(ii) If any Maximum 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), (aa) 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), (bb) all figures shall be rounded to seven significant figures (with halves being rounded up) and (cc) 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 of such currency.

(g) **Calculations**: The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the "**Calculation Amount**") in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) **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 the Fiscal Agent, the Issuer, each of the Paying Agents, the Registrar, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority 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 such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. 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 10, 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 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.

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

"**Business Centres**" mean Kuala Lumpur and London or any other Business Centres specified in the relevant Pricing Supplement;

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks in Hong Kong are generally open for general business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

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

(i) if "**Actual/Actual**" **or** "**Actual/Actual (ISDA)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

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

$$\text{Day Count Fraction} = \frac{[360\times(Y_2 - Y_1)]+[30\times[(M)]_2-(M_1)]+(D_2-D_1)}{360}$$

where:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{[360\times(Y_2 - Y_1)]+[30\times[(M)]_2-(M_1)]+(D_2-D_1)}{360}$$

where:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times[(M)]_2-(M_1)]+(D_2-D_1)}{360}$$

where:

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

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

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

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

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D2 will be 30; and

(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 (aa) the number of days in such Determination Period and (bb) 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:

(aa) 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

(bb) 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;

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**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:

(A) 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

(B) 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, (A) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi (B) 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 (C) 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. (as the same may be updated, amended or supplemented from time to time), 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, (A) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (B) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and (C) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong 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;

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**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.

(j) **Calculation Agent**: 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 (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) ***Redemption by Instalments and Final Redemption:***

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, 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, and except for a Note which is perpetual and has no Maturity Date, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i), 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 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of Condition 6(b)(C), 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 Condition 6(c) or upon it becoming due and payable as provided in Condition 10 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 6(b)(i)(B), except that such Condition 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 6(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 6(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 6(b)(i)), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, 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, 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 6(b) above) (together with interest accrued but unpaid to the date fixed for redemption), if (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Malaysia or, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the 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.

(ii) *Subordinated Notes*: The Issuer may, in its sole discretion but subject to the Redemption Conditions being satisfied, redeem all (but not some only) of the Subordinated Notes at any time following the occurrence of a Tax Event on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at the Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued but unpaid to the date fixed for redemption).

A ''**Tax Event**'' means, in the case of Subordinated Notes:

(A) on the occasion of the next payment due under the Subordinated Notes, the Issuer has or will become obliged to pay any such additional amounts as provided or referred to in Condition 8; or

(B) the Issuer is no longer entitled, or would not be entitled to obtain deductions for the purposes of Malaysian tax in respect of payments of interest on the Subordinated Notes,

as a result of any change in, or amendment to, the laws of regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prior to the publication of any notice of redemption in respect of any notes pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors 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 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.

(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 Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some, of the Senior Notes on any Optional Redemption Date. Any such redemption of Senior Notes shall be at their Optional Redemption Amount together with interest accrued but unpaid to 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.

(ii) *Subordinated Notes*: If Call Option is specified hereon, the Issuer may, in its sole discretion but subject to the Redemption Conditions being satisfied, on giving not less than 15 nor more than 30 days' notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided hereon, some only of the Subordinated Notes on such early redemption date(s) as may be specified in the relevant Pricing Supplement (such date being at least five years (or such other period required by BNM from time to time under the Capital Requirements) from the Issue Date, at their Optional Redemption Amount together with interest accrued but unpaid to the date fixed for redemption.

All 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 6(d).

In the case of a partial redemption the notice to Noteholders 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.

In the case of a partial redemption of a tranche of Notes, the selection of the Notes to be redeemed will be made by the Fiscal Agent on a pro rata basis, by lot or by such other method as the Fiscal Agent (with the agreement of the Issuer) shall deem to be fair and appropriate.

(e) **Redemption for regulatory reasons –** Subordinated Notes: The Issuer may, in its sole discretion but subject to the Redemption Conditions being satisfied, redeem all (but not some only) of the Subordinated Notes at any time following the occurrence of a Capital Disqualification Event on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at the Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued but unpaid to the date fixed for redemption).

A "**Capital Disqualification Event**" means that, as a result of a change to the Capital Requirements, in relation to:

(i) the qualification of the Subordinated Notes as Tier 2 Capital Securities; or

(ii) the inclusion of the Subordinated Notes in the calculation of the Issuer's capital adequacy ratio,

which change or amendment:

(A) becomes, or would become, effective on or after the Issue Date; or

(B) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors 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.

(f) **Redemption at the option of Noteholders**: This Condition 6(f) is not applicable to Subordinated Notes. 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 Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued but unpaid to 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 at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any 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.

(g) **Purchase at the option of holders of Variable Rate Notes**: This Condition 6(g) is not applicable to Subordinated Notes. If VRN Purchase Option is specified hereon, each holder of Variable Rate Senior Notes shall have the option to have all or any of his Variable Rate Senior Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Senior Notes accordingly. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Variable Rate Senior 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 Variable Rate Senior Note(s) with the Registrar or any 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 Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period specified hereon. Any Variable Rate Senior Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) **Partly Paid Notes**: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified hereon.

(i) **Purchases**:

(i) *Senior Notes*: The Issuer and its Subsidiaries may at any time purchase Senior 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. Any Senior Notes so purchased may be held, reissued or resold by the Issuer and its Subsidiaries, or at the option of the Issuer or its Subsidiaries, surrendered to any Fiscal Agent or the Registrar for cancellation.

(ii) *Subordinated Notes*: The Issuer or any of its Subsidiaries may at any time (subject to the prior approval of BNM, which approval shall not be required under the Capital Requirements in relation to the Subordinated Notes, for a purchase done in the ordinary course of business) purchase the Subordinated Notes in any manner and at any price in the open market or otherwise. All Subordinated Notes which are purchased by the Issuer or any of its subsidiaries (other than in the ordinary course of business) must be surrendered to any Fiscal Agent or the Registrar for cancellation and accordingly may not be reissued or resold.

For the purpose of this Condition 6(i)(ii), the term "**ordinary course of business**" includes those activities performed by the Issuer or any of the Issuer's Subsidiaries for third parties (such as clients of the Issuer or the Issuer's Subsidiaries) and excludes those performed for the funds of the Issuer or such Subsidiaries.

(j) **Cancellation**: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries 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.

(k) **Variation – Subordinated Notes**: If at any time a Tax Event or a Capital Disqualification Event occurs in respect of the Subordinated Notes, the Issuer may, instead of giving notice to redeem (without any requirement for the consent or approval of the Subordinated Noteholders but subject to any applicable regulatory approvals that may be required (if any) and satisfying any conditions that BNM (and/or any other regulator) may impose at the time of such approval) vary the terms of the Subordinated Notes solely in order that they remain or become Qualifying Securities provided that:

(i) such variation does not itself give rise to any right of the Issuer to redeem the Subordinated Notes that is inconsistent with the redemption provisions of the Subordinated Notes prior to such variation;

(ii) neither a Tax Event nor a Capital Disqualification Event arises as a result of such variation; and

(iii) the Issuer is in compliance with the rules of any stock exchange on which the Subordinated Notes are for the time being listed or admitted to trading.

In this Condition 6:

"**Qualifying Securities**" means securities, whether debt, equity interests or otherwise, issued directly by the Issuer or guaranteed by the Issuer that:

(i) qualify (in whole or in part) as Tier 2 Capital Securities, or may be included (in whole or in part) in the calculation of the capital adequacy ratio, in each case of (A) the Issuer, on a consolidated and unconsolidated basis and (B) the AMMB Group (for so long as AMMB is the holding company of the Issuer), on a consolidated basis pursuant to the relevant requirements set out in the Capital Requirements;

(ii) rank at least equal to that of the Subordinated Notes;

(iii) bear interest at a rate no lower than the Subordinated Notes and have Interest Payment Dates falling on the same dates as the Subordinated Notes;

(iv) have the same redemption rights as the Subordinated Notes;

(v) 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 immediately preceding the date of variation; and

(vi) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the Subordinated Notes immediately prior to such variation; and

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

(l) **Redemption Conditions**: Any redemption of Subordinated Notes by the Issuer is subject to the Redemption Conditions being satisfied.

In this Condition 6:

"**Redemption Conditions**" in respect of a tranche or part of a tranche of Subordinated Notes means the following conditions:

(i) the Issuer has received written approval from BNM prior to redemption of such Subordinated Notes;

(ii) the Issuer is solvent at the time of redemption of such Subordinated Notes and immediately thereafter;

(iii) in respect of a Call Option pursuant to Condition 6(d)(ii) only, the Issuer shall not exercise a Call Option unless it:

(A) replaces the called or redeemed tranche of the Subordinated Notes with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or

(B) demonstrates to the satisfaction of BNM that its capital position is well above the minimum capital adequacy and capital buffer requirements under the Capital Requirements after redemption of such tranche of the Subordinated Notes.

7 Payments and Talons

(a) **Bearer Notes**: 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 relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), 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 Renminbi account maintained by or on behalf of a Noteholder with a bank in Hong Kong.*

In this Condition 7(a) and in Condition 7(b), "**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.

(b) **Registered Notes:**

(i) Payments of principal (which for the purposes of this Condition 7(b) 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 7(b)(ii).

(ii) Interest (which for the purpose of this Condition 7(b) 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 on the fifth (in the case of Renminbi) and on the fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(A) 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

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) **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.

(d) **Payments Subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (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 8) any law implementing an intergovernmental approach thereto). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal 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 CMU Lodging and Paying Agent, any other Paying Agent, the Registrars, 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 Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) the CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require and (vi) 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 7(c).

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

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate 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.

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate 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 but unpaid 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 but unpaid 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.

(g) **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 9).

(h) **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 7(h), "**business day**" means a day (other than a Saturday or a Sunday or a gazetted public holiday) on which banks and foreign exchange markets are open for general 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 on in the relevant currency in the principal financial centre of the country of such currency;

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of Renminbi) on which banks and foreign exchange markets are open for general business and settlement of Renminbi payments in Hong Kong).

8 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 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 Malaysia 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 such 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 relative 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 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8.

9 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.

10 Events of Default

(a) Senior Notes:

This Condition 10(a) is applicable to Senior Notes only.

If any of the following events occurs, the holder of any Senior 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 in the payment on the due date of interest or principal in respect of any of the Senior Notes and such default remains unremedied for seven days (in the case of default in payment of principal) or 14 days (in the case of default in payment of interest); 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 holder of a Senior Note; or

(iii) *Cross-default*: (A) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any 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 or any of its Material Subsidiaries 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 10(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 Condition 10(a)(iii) operates); or

(iv) *Enforcement proceedings*: 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 or any of its Material Subsidiaries and is not discharged or stayed within 60 days; or

(v) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) provided that any such enforcement or appointment has not been set aside or stayed within 60 days and is not being disputed in good faith by the Issuer; or

(vi) *Insolvency*: the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or 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 any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a material part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or

(vii) *Winding-up*: an administrator is appointed (provided that any such appointment has not been set aside within 30 days), an order is made for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations save for the purposes of reconstruction, reorganisation or amalgamation whilst solvent; or

(viii) *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 (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Senior Notes, (B) to ensure that those obligations are legally binding and enforceable and (C) to make the Senior Notes admissible in evidence in the courts of Malaysia is not taken, fulfilled or done; or

(ix) *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

(x) *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 Conditions 10(a)(v) to (viii).

For this purpose:

"**Material Subsidiary**" means any Subsidiary:

(A) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated net profits, or, as the case may be, the consolidated total net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statements of the Issuer; provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate for the purpose of applying each of the foregoing tests, the reference to the Issuer's latest audited consolidated financial statements shall be deemed to be a reference to such financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer for the time being after consultation with the Issuer; or

(B) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (1) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (2) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph 10(a)(aa)(A).

A report by two of the directors of the Issuer that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer and the Noteholders.

"**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

(b) Subordinated Notes:

This Condition 10(b) is applicable to Subordinated Notes only.

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

(i) *Non-payment*: default is made in the payment on the due date of interest or principal in respect of any of the Subordinated Notes and such default remains unremedied for seven days; or

(ii) *Winding-up*: a court order is made or an effective resolution is passed for the Winding-up of the Issuer and such order is not stayed or set aside within 60 days of such order being made,

the holder of a Subordinated Note may, in the case of Condition 10(b)(i), institute a Winding-up proceeding against the Issuer and, in the case of either Conditions 10(b)(i) or (ii), prove in the Winding-up. For the avoidance of doubt, no holder of a Subordinated Note shall have the right to accelerate payment under such Subordinated Note other than in a Winding-up.

11 Loss absorption – Subordinated Notes

This Condition 11 is applicable to Subordinated Notes only.

Any Write-off of any Subordinated Notes under this Condition 11 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 Condition 11 will be effective upon the date that the Issuer specifies in the Trigger Event Notice (or as may otherwise be notified in writing to Subordinated Noteholders and the Agents by the Issuer) notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

The Agency Agreement may contain certain protections and disclaimers as applicable to the Agents in relation to this Condition 11. Each Noteholder shall be deemed to have authorised, directed or requested the Fiscal Agent, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any loss absorption option, and any Write-off following the occurrence of the Trigger Event.

(a) Write-off upon Trigger Event:

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

(i) the Relevant Malaysian Authority has notified the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a write-off of the principal and/or interest and/or (if applicable) any amounts owing under each Subordinated Note is necessary, without which the Issuer and/or the AMMB Group (for so long as AMMB is the holding company of the Issuer) would cease to be viable; or

(ii) the Relevant Malaysian Authority publicly announces that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer and/or the AMMB Group (for so long as AMMB is the holding company of the Issuer) would cease to be viable,

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

"**AMMB Group**" means AMMB Holdings Berhad ("**AMMB**") and its subsidiaries.

"**Relevant Malaysian Authority**" means:

(A) BNM, jointly with Malaysia Deposit Insurance Corporation ("**PIDM**"), so long as the Issuer is a Member Institution (as defined in Section 2 of the Malaysia Deposit Insurance Corporation Act 2011); or

(B) BNM, where the Issuer is no longer such a Member Institution.

(b) Trigger Event Notice:

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

(i) state that a Trigger Event has occurred and provide reasonable detail of the nature of the relevant Trigger Event;

(ii) state the relevant amount per Subordinated Note (or per Calculation Amount in principal amount of Subordinated Notes) to be written off: and

(iii) be given no later than two business days after the occurrence of the relevant Trigger Event (where failure to give such notice will not be considered an event of default or invalidate the Write-off).

(c) Effect of Write-off:

The Trigger Event Notice (in the absence of manifest error) shall be irrevocable and binding on all parties. By purchasing Subordinated Notes, each Subordinated Noteholder shall be deemed to have acknowledged that, following the occurrence of a Trigger Event, it shall not with effect from the date of the relevant Trigger Event Notice transfer or attempt to transfer its Subordinated Notes until such time as any Write-off shall have been effected.

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

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

(d) Partial Write-off:

Where only part of the principal, interest and (if applicable) any other amounts owing under any Subordinated Notes is to be written-off, the Issuer shall, with the prior written approval of the Relevant Malaysian Authority, use reasonable endeavors to conduct any Write-off such that:

(i) the holders of any series of securities ranking *pari passu* with the Subordinated Notes are treated equally and rateably; and

(ii) the Write-off of any Subordinated Notes is conducted:

(A) to the extent that the relevant Trigger Event Write-off Amount exceeds the aggregate principal amount of all Tier 1 Capital Securities of the Issuer that are capable of being converted or written-down under any applicable laws and/or their terms of issue, so as to Write-off Tier 2 Capital Securities of the Issuer (including the Subordinated Notes) only in an aggregate principal amount equal to such excess; and

(B) on a pro rata and proportionate basis with all other Tier 2 Capital Securities of the Issuer, to the extent that such Tier 2 Capital Securities are capable of being converted or written-down under any applicable laws and/or their terms of issue.

For the purposes of these Conditions "**Trigger Event Write-off Amount**" means such amount of the principal and/or interest of each Subordinated Note and/or (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 and/or the AMMB Group (for so long as AMMB is the holding company of the Issuer) would cease to be viable. For the avoidance of doubt, the Write-off shall be effected in full even if the principal amount of each Subordinated Note written-off is insufficient for the Issuer and/or the AMMB Group (for so long as AMMB is the holding company of the Issuer) to cease to be non-viable.

For the avoidance of doubt, the Subordinated Notes shall not entitle the Subordinated Noteholders to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the Subordinated Noteholders upon the occurrence of a Trigger Event or otherwise. The Subordinated Noteholders shall not be entitled to participate in any distributions or entitlements to the Issuer's shareholders or to attend or vote at any general meeting of the shareholders of the Issuer.

12 Meeting of Noteholders, Modifications

(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 (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority 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 and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes 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**: The Issuer and the Fiscal Agent shall only permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with the Conditions and/or the Agency Agreement, without the consent of the Noteholders, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders. The Issuer and the Fiscal Agent shall only permit any modification of the Conditions and/or the Agency Agreement without the consent of the Noteholders, if (i) to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders; or (ii) such modification is either of a formal, minor or technical nature or made to cure any ambiguity or correct a manifest or proven error or to comply with mandatory provisions of the law. Any determinations as to material prejudice with respect to the interests of the Noteholders shall be made by the Issuer and the Fiscal Agent shall not have any responsibility or liability whatsoever with respect to such determination. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter. Any variation of the terms of the Subordinated Notes is subject to any applicable regulatory approvals that may be required (if any) and satisfying any conditions that BNM (and/or any other regulator) may impose at the time of such approval.

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 notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

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 or a gazetted public holiday) 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 date of the first publication 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 15.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held (i) on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system (except as provided in (ii) below of this paragraph), 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 these Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) on behalf of 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.*

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 it 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 Notes (with the exception of Conditions 3(b) and 3(c), which shall be governed by the laws of Malaysia), 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.

(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 (including any dispute relating to any non-contractual obligations arising 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 (including any dispute relating to any non-contractual obligations 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).

Service of Process: The Issuer irrevocably appoints Sui Lai UK Property Services of 135 Crickelwood Lane, Childs Hill, London NW2 1HS, United Kingdom 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 appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 15. Nothing shall affect the right to serve process in any manner permitted by law.

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 the Common Depositary (in the case of Notes other than CMU Notes) or a sub-custodian for the CMU (in the case of CMU Notes).

Upon the initial deposit of a Global Note with the Common Depositary or a with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg and/or (ii) the HKMA as operator of the CMU and delivery of the relative Global Certificate to the Common Depositary or sub-custodian for the CMU (as the case may be), Euroclear or Clearstream, Luxembourg 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

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system other than CMU ("**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 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, 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 a sub-custodian for or registered 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

(a) 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 Definitive Notes 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 (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

(b) 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(d) 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) or the CMU Lodging and Paying Agent (in the case of CMU Notes) of its election for such exchange or (iii) if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a permanent Global Note in definitive form.

(c) Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg, 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) may only be made:

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Notes is not paid when due; or

(iii) if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a permanent Global Note in definitive form,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3(c)(i) or 3(c)(ii) 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.

(d) 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 relating to Partly Paid Notes.

(e) Delivery of Notes

On or after any Exchange Date (as defined in paragraph 3(f) below) 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 CMU 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.

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.

(f) 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 general business in the city in which the specified office of the Fiscal Agent (in the case of Notes other than CMU Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes) is located and, except in the cases of exchange set out at 3(b)(i) above, 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:

(a) 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. Condition 7(e)(vii) will apply to the Definitive Notes only.

For the purpose of any payment 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 7(h).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through 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 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.

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 (as defined in the rules of the CMU) 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.

(b) Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note or Global Certificate will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

(c) 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.)

(d) Cancellation

Cancellation of any Note represented by a permanent Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its Write Off in full or redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or Global Certificate.

(e) 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.

(f) 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, the CMU or the relevant Alternative Clearing System (as the case may be).

(g) 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 (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) 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 (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), or to a Paying Agent acting on behalf of the Fiscal Agent (or the CMU Lodging and Paying Agent), for notation.

(h) 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 10 by stating in the notice to the Fiscal Agent (in the case of Notes other than CMU Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes) the nominal 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 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.

(i) Notices

So long as any 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 and/or Clearstream, Luxembourg or any other Alternative 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 Terms and Conditions of the Notes 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 (as defined in the rules of the CMU) 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.

(j) 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.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for its general working capital, general banking purposes, including refinancing of its outstanding capital instruments, repayment of borrowings, investment into, on-lending and distribution of advances to its holding company, AMMB Holdings Berhad ("**AMMB Holdings**"), any of the subsidiaries of AMMB Holdings, any of the subsidiaries of the Issuer (in the event AMMB Holdings is no longer the holding company of the Issuer) and other corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

SUMMARY OF SELECTED FINANCIAL INFORMATION

The following tables set out the Group's and the Issuer's summary of selected financial information and the Group's and the Issuer's operating data, in each case, for the periods and as at the dates indicated. A prospective investor should read the following summary of selected financial information in conjunction with the Group's and the Issuer's historical financial statements and their related notes incorporated by reference into this Offering Circular. The Group's and the Issuer's financial statements are reported in Malaysian Ringgit and presented in accordance with the Companies Act of Malaysia, 2016 and Malaysian Accounting Standards Board ("**MASB**") Approved Accounting Standards for Entities Other Than Private Entities.

The Group's and the Issuer's summary of selected financial information as at 31 March 2016, 31 March 2017 and 31 March 2018, as well as at 30 June 2018, and for the two financial years ended 31 March 2017 and 2018, as well as the three-month periods ended 30 June 2017 and 30 June 2018, set out below, has been derived from the Group's audited consolidated financial statements and the Issuer's audited unconsolidated financial statements and from the Group's unaudited consolidated interim condensed financial statements and the Issuer's unaudited unconsolidated interim condensed financial statements, respectively, incorporated by reference into this Offering Circular, and is qualified in its entirety by reference to those consolidated and unconsolidated financial statements and the notes thereto. Solely for the convenience of the reader, the Malaysian Ringgit amounts in the tables below have been translated into U.S. dollars using the exchange rates of U.S.$1.00 = RM3.86 and U.S.$1.00 = RM4.04 for the amounts as at and for the financial year ended 31 March 2018 and the three-month period ended 30 June 2018 respectively.

Following the MFRS9 implementation by the Group, the summary of selected financial information of the Group for the three months ended 30 June 2018 that have been prepared may not be consistent with the presentation of the comparative financial information, including in respect of the selected financial information for the three months ended 30 June 2017.

Statements of Profit or Loss

The Issuer

	Year ended 31 March				**Three-month period ended 30 June**		
	2016	**2017**	**2018**	**2018**	**2017**	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Operating Revenue	4,644,114	4,598,270	5,290,783	1,370,669	1,152,560	1,278,415	316,439
Interest income	3,998,626	3,885,797	4,247,926	1,100,499	1,012,439	1,130,259	279,767
Interest expense	(2,414,671)	(2,379,901)	(2,615,319)	(677,544)	(607,016)	(708,090)	(175,270)
Net interest income	1,583,955	1,505,896	1,632,607	422,955	405,423	422,169	104,497
Other operating income	645,488	712,473	1,042,857	270,170	140,121	148,156	36,672
Net income...................	2,229,443	2,218,369	2,675,464	693,125	545,544	570,325	141,169
Other operating expenses....................	(1,247,612)	(1,170,709)	(1,428,691)	(370,127)	(285,404)	(298,923)	(73,991)

	Year ended 31 March				Three-month period ended 30 June		
	2016	2017	2018	2018	2017	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Operating profit	981,831	1,047,660	1,246,773	322,998	260,140	271,402	67,178
Writeback of allowance for impairment on loans and advances	160,260	148,218	62,548	16,204	41,508	33,063	8,184
Writeback of provision/(Provision) for commitments and contingencies	25,268	4,835	(1,190)	(308)	6,404	(10,240)	(2,535)
Impairment (loss)/writeback on:							
Doubtful other receivables, net/other financial assets	(341)	(377)	(8,794)	(2,278)	1,638	2,790	691
Financial investments	(19,799)	-	(27,523)	(7,130)	-	(4,321)	(1,070)
Foreclosed properties................	(277)	(553)	(35)	(9)	(13)	-	-
Property and equipment..............	(700)	-	368	95	-	-	-
Subsidiaries................	-	-	(42,742)	(11,073)	-	-	-
Other recoveries, net.....	1,461	13,053	1,976	512	282	262	65
Profit before taxation....	1,147,703	1,212,836	1,231,381	319,011	309,959	292,956	72,513
Taxation.......................	(242,851)	(270,525)	(177,837)	(46,072)	(69,552)	(73,928)	(18,299)
Profit for the financial year/period................	904,852	942,311	1,053,544	272,939	240,407	219,028	54,214
Earnings per share (sen)							
Basic/Diluted................	110.30	114.86	128.42	33.27	29.30	26.68	6.60

Statements of Comprehensive Income

The Issuer

	Year ended 31 March				Three-month period ended 30 June		
	2016	**2017**	**2018**	**2018**	**2017**	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Profit for the financial year/period................	904,852	942,311	1,053,544	272,939	240,407	219,028	54,214
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to statement of profit or loss							
Currency translation on offshore operations ...	10,711	58,501	(66,823)	(17,312)	(15,656)	23,453	5,805
Cash flow hedge							
— (losses)/gains arising during the financial year/period	(4,242)	1,281	3,518	911	(2,004)	(750)	(186)
— reclassification adjustments for (gain)/loss included in the statements of profit or loss	9,415	(1,861)	(3,302)	(855)	317	(143)	(35)
Tax effect.....................	(1,057)	(45)	(52)	(13)	405	214	53
Financial investments available-for-sale							
— net unrealised gain/(loss) on changes in fair value...................	34,342	(2,544)	9,043	2,343	8,985	-	-
— net gain classified to statement of profit or loss	(20,358)	(29,277)	(23,892)	(6,190)	(6,586)	-	-
Tax effect.....................	(3,356)	7,637	3,564	923	(576)	-	-
Financial investments at fair value through other comprehensive income							
— net unrealised loss on changes in fair value...................	-	-	-	-	-	(34,580)	(8,559)

	Year ended 31 March				Three-month period ended 30 June		
	2016	2017	2018	2018	2017	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
— net gain reclassified to profit or loss........	-	-	-	-	-	(165)	(41)
— expected credit loss......................	-	-	-	-	-	4,179	1,034
— foreign exchange differences...........	-	-	-	-	-	463	115
Tax effect......................	-	-	-	-	-	8,334	2,063
Other comprehensive income/(loss), net of tax..............................	25,455	33,692	(77,944)	(20,193)	(15,115)	1,005	249
Total comprehensive income for the financial year/period, net of tax....................	930,307	976,003	975,600	252,746	225,292	220,033	54,463

Statements of Profit or Loss

The Group

	Year ended 31 March				Three-month period ended 30 June		
	2016	2017	2018	2018	2017	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Operating Revenue	4,559,244	4,610,491	4,906,250	1,271,049	1,158,274	1,279,744	316,768
Interest income	4,006,284	3,898,564	4,256,227	1,102,649	1,015,343	1,131,398	280,049
Interest expense	(2,404,311)	(2,376,169)	(2,613,137)	(676,978)	(606,079)	(708,060)	(175,262)
Net interest income..........	1,601,973	1,522,395	1,643,090	425,671	409,264	423,338	104,787
Other operating income ...	552,960	711,927	650,023	168,400	142,931	148,346	36,719
Share in results of associates......................	1,105	-	-	-	-	-	-
Net income	2,156,038	2,234,322	2,293,113	594,071	552,195	571,684	141,506
Other operating expenses	(1,254,677)	(1,166,729)	(1,428,039)	(369,958)	(285,738)	(299,046)	(74,021)
Operating profit...............	901,361	1,067,593	865,074	224,113	266,457	272,638	67,485
Writeback of allowance for impairment on loans and advances	160,168	148,345	62,631	16,226	41,526	32,999	8,168
Writeback of provision/(Provision) for commitments and contingencies................	25,243	(1,157)	(1,179)	(305)	6,401	(10,240)	(2,535)
Impairment (loss)/writeback on:							
Doubtful other receivables, net/other financial assets	(349)	(387)	(8,794)	(2,278)	1,638	2,790	691
Financial investments...	(19,799)	-	(27,523)	(7,130)	-	(4,321)	(1,070)
Foreclosed properties ...	(277)	(553)	(35)	(9)	(13)	-	-
Property and equipment	(700)	-	368	95	-	-	-
Other recoveries, net........	1,461	13,053	1,976	511	282	262	65
Profit before taxation.......	1,067,108	1,226,894	892,518	231,223	316,291	294,128	72,804
Taxation	(246,713)	(273,376)	(183,277)	(47,481)	(70,523)	(74,286)	(18,388)
Profit for the financial year/period	820,395	953,518	709,241	183,742	245,768	219,842	54,416
Attributable to:							
Equity holder of the Bank.............................	820,394	953,517	709,240	183,742	245,768	219,842	54,416
Non-controlling interests	1	1	1	0	-	-	-
Profit for the financial year/period.......................	820,395	953,518	709,241	183,742	245,768	219,842	54,416

	Year ended 31 March				Three-month period ended 30 June		
	2016	**2017**	**2018**	**2018**	**2017**	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Earnings per share (sen)							
Basic/Diluted..................	100.00	116.23	86.45	22.40	29.96	26.78	6.63

Statements of Comprehensive Income

The Group

	Year ended 31 March				Three-month period ended 30 June		
	2016	**2017**	**2018**	**2018**	**2017**	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Profit for the financial year/period	820,395	953,518	709,241	183,742	245,768	219,842	54,416
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to statement of profit or loss							
Currency translation on offshore operations..........	12,769	63,937	(78,168)	(20,251)	(17,006)	23,483	5,813
Cash flow hedge							
— (losses)/gains arising during the financial year/period	(4,242)	1,281	3,518	911	(2,004)	(750)	(186)
— reclassification adjustments for (gain)/ loss included in the statements of profit or loss	9,415	(1,861)	(3,302)	(855)	317	(143)	(35)
Tax effect	(1,057)	(45)	(52)	(13)	405	214	53
Financial investments available-for-sale							
— net unrealised gain/(loss) on changes in fair value..	34,044	(2,276)	9,216	2,388	8,968	-	-
— net gain classified to statement of profit or loss	(20,170)	(29,280)	(23,892)	(6,190)	(6,586)	-	-
Tax effect	(3,330)	7,573	3,521	912	(572)	-	-
Financial investments at fair value through other comprehensive income							
— net unrealised loss on changes in fair value..	-	-	-	-	-	(34,478)	(8,534)
— net gain reclassified to profit or loss	-	-	-	-	-	(165)	(41)
— expected credit loss	-	-	-	-	-	4,179	1,034
— foreign exchange differences................	-	-	-	-	-	463	115
Tax effect	-	-	-	-	-	8,310	2,057

	Year ended 31 March				Three-month period ended 30 June		
	2016	**2017**	**2018**	**2018**	**2017**	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*
Other comprehensive income/(loss), net of tax ...	27,429	39,329	(89,159)	(23,098)	(16,478)	1,113	275
Total comprehensive income for the financial year/period, net of tax.......	847,824	992,847	620,082	160,644	229,290	220,955	54,692
Attributable to:							
Equity holder of the Bank....	847,823	992,846	620,081	160,644	229,290	220,955	54,692
Non-controlling interests	1	1	1	0	-	-	-
	847,824	992,847	620,082	160,644	229,290	220,955	54,692

Statements of Financial Position

The Issuer

	As at 31 March				As at 30 June	
	2016	2017	2018	2018	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(U.S.$ '000)*
ASSETS						
Cash and short-term funds	7,380,187	5,758,942	3,711,118	961,430	3,400,963	841,823
Securities purchased under resale agreements	-	10,369	-	-	-	-
Deposits and placements with banks and other financial institutions	850,000	450,000	450,000	116,580	1,055,293	261,211
Investment account placement	1,000,000	1,600,000	2,859,110	740,702	1,843,492	456,310
Derivative financial assets	1,894,819	1,172,132	1,134,053	293,796	1,045,209	258,715
Financial assets at fair value through profit or loss	-	-	-	-	8,116,447	2,009,022
Financial assets held-for-trading	1,870,427	5,862,496	8,041,941	2,083,404	-	-
Financial investments at fair value through other comprehensive income	-	-	-	-	7,507,153	1,858,206
Financial investments available-for-sale	7,545,237	5,709,466	4,829,412	1,251,143	-	-
Financial investment at amortised cost	-	-	-	-	3,287,760	813,802
Financial investments held-to-maturity	2,828,754	2,077,505	1,802,605	466,996	-	-
Loans and advances	58,717,201	62,248,620	67,251,739	17,422,730	68,632,489	16,988,240
Receivables: Investments not quoted in active markets	97,181	1,172,157	1,149,600	297,824	-	-
Statutory deposit with Bank Negara Malaysia	1,745,554	1,760,114	2,012,837	521,460	2,079,610	514,755
Deferred tax assets	75,430	-	42,813	11,091	76,320	18,891
Investment in subsidiaries and other investment	104,277	74,277	31,535	8,170	31,535	7,806
Investment in associates	22	22	22	6	22	5
Other assets	2,034,781	1,883,134	1,270,856	329,238	1,068,247	264,418
Property and equipment	143,987	139,987	108,754	28,175	104,946	25,977
Intangible assets	350,750	406,504	400,376	103,724	390,195	96,583
Asset held for sale	100	2,091	-	-	-	-
TOTAL ASSETS	86,638,707	90,327,816	95,096,771	24,636,469	98,639,681	24,415,764
LIABILITIES AND EQUITY						
Deposits from customers	62,146,342	67,485,479	69,757,231	18,071,822	70,775,612	17,518,716
Deposits and placements of banks and other financial institutions	950,888	1,072,737	2,933,610	760,003	5,915,408	1,464,210
Securities sold under resale agreements	-	9,464	-	-	294,961	73,010
Recourse obligation on loans sold to Cagamas Berhad	2,807,951	2,663,105	3,753,216	972,335	3,753,216	929,014
Derivative financial liabilities	2,023,211	958,894	1,281,688	332,043	875,922	216,813

	As at 31 March				As at 30 June	
	2016	2017	2018	2018	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(U.S.$ '000)*
Term funding	5,730,633	4,229,942	2,748,820	712,130	3,138,039	776,742
Debt capital	2,694,550	3,194,706	3,579,871	927,428	2,979,913	737,602
Deferred tax liabilities	-	97,828	-	-	-	-
Other liabilities	2,370,392	2,225,151	2,173,781	563,155	1,934,175	478,757
Total liabilities	78,723,967	81,937,306	86,228,217	22,338,916	89,667,246	22,194,864
Share capital	820,364	1,763,208	1,763,208	456,790	1,940,465	480,313
Reserves	7,094,376	6,627,302	7,105,346	1,840,763	7,031,970	1,740,587
Equity attributable to equity holder of the Bank	7,914,740	8,390,510	8,868,554	2,297,553	8,972,435	2,220,900
TOTAL EQUITY	7,914,740	8,390,510	8,868,554	2,297,553	8,972,435	2,220,900
TOTAL LIABILITIES AND EQUITY	86,638,707	90,327,816	95,096,771	24,636,469	98,639,681	24,415,764
COMMITMENTS AND CONTINGENCIES	121,066,632	129,095,390	135,962,738	35,223,507	124,627,430	30,848,374
NET ASSETS PER SHARE (RM/USD)	9.65	10.23	10.81	2.80	10.72	2.65

Statements of Financial Position

The Group

	As at 31 March				As at 30 June	
	2016	2017	2018	2018	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(U.S.$ '000)*
ASSETS						
Cash and short-term funds	7,605,681	5,989,301	3,716,029	962,702	3,405,846	843,031
Securities purchased under resale agreements..	-	10,369	-	-	-	-
Deposits and placements with banks and other financial institutions	850,000	450,000	450,000	116,580	1,055,293	261,211
Investment account placement	1,000,000	1,600,000	2,859,110	740,702	1,843,492	456,310
Derivative financial assets.............................	1,894,819	1,172,132	1,134,053	293,796	1,045,209	258,715
Financial assets at fair value through profit or loss	-	-	-	-	8,116,497	2,009,034
Financial assets held-for-trading	1,870,427	5,862,496	8,041,941	2,083,404	-	-
Financial investments at fair value through other comprehensive income	-	-	-	-	7,476,045	1,850,506
Financial investments available-for-sale	7,476,200	5,658,713	4,794,991	1,242,226	-	-
Financial investments at amortised cost	-	-	-	-	3,287,760	813,802
Financial investments held-to-maturity	2,828,754	2,077,505	1,802,605	466,996	-	-
Loans and advances	58,814,740	62,331,446	67,321,750	17,440,868	68,700,025	17,004,957
Receivables: Investments not quoted in active markets..	97,181	1,172,157	1,149,600	297,824	-	-
Statutory deposit with Bank Negara Malaysia	1,745,554	1,760,114	2,012,837	521,461	2,079,610	514,755
Deferred tax assets	76,485	995	42,835	11,097	76,299	18,886
Other assets..	2,032,171	1,900,830	1,277,958	331,077	1,076,997	266,583
Property and equipment	165,900	161,459	129,524	33,556	125,594	31,088
Intangible assets..	350,753	406,506	400,376	103,724	390,195	96,583
Asset held for sale...	3,167	2,091	-	-	-	-
TOTAL ASSETS..	86,811,832	90,556,114	95,133,609	24,646,013	98,678,862	24,425,461
LIABILITIES AND EQUITY						
Deposits from customers...............................	62,047,283	67,409,164	69,753,528	18,070,862	70,770,230	17,517,384
Deposits and placements of banks and other financial institutions	871,138	970,458	2,921,511	756,868	5,904,458	1,461,500
Securities sold under resale agreements	-	9,464	-	-	294,961	73,010
Recourse obligation on loans sold to Cagamas Berhad..	2,807,951	2,663,105	3,753,216	972,336	3,753,216	929,014
Derivative financial liabilities	2,023,211	958,894	1,281,688	332,044	875,922	216,812
Term funding	5,730,633	4,229,942	2,748,820	712,130	3,138,039	776,742
Debt capital...	2,694,550	3,194,706	3,579,871	927,428	2,979,913	737,602
Deferred tax liabilities..................................	-	97,832	-	-	-	-
Other liabilities	2,374,240	2,235,128	2,185,028	566,068	1,947,422	482,035

	As at 31 March				As at 30 June	
	2016	2017	2018	2018	2018	2018
	(RM '000)	*(RM '000)*	*(RM '000)*	*(U.S.$ '000)*	*(RM '000)*	*(U.S.$ '000)*
TOTAL LIABILITIES	78,549,006	81,768,693	86,223,662	22,337,736	89,664,161	22,194,099
Share capital	820,364	1,763,208	1,763,208	456,790	1,940,465	480,313
Reserves	7,442,400	7,024,150	7,146,675	1,851,470	7,074,172	1,751,033
Equity attributable to equity holder of the Bank	8,262,764	8,787,358	8,909,883	2,308,260	9,014,637	2,231,346
Non-controlling interests	62	63	64	17	64	16
TOTAL EQUITY	8,262,826	8,787,421	8,909,947	2,308,277	9,014,701	2,231,362
TOTAL LIABILITIES AND EQUITY	86,811,832	90,556,114	95,133,609	24,646,013	98,678,862	24,425,461
COMMITMENTS AND CONTINGENCIES	121,028,342	129,008,488	135,900,849	35,207,474	124,566,403	30,833,268
NET ASSETS PER SHARE (RM/USD)	10.07	10.71	10.86	2.81	10.77	2.67

Statements of Cash Flows

The Issuer

	Year ended 31 March		
	2017	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	1,212,836	1,231,381	319,011
Adjustments for:			
Accretion of discount less amortisation of premium	(59,199)	(93,399)	(24,197)
Amortisation of fair value gain on terminated hedge	(1,866)	(3,651)	(946)
Amortisation of intangible assets	82,110	85,244	22,084
Amortisation of issuance costs and premium for term funding	9,130	5,168	1,339
Amortisation of costs for debt capital	156	165	43
Depreciation of property and equipment	40,471	49,489	12,821
Gain on disposal of foreclosed properties	(108,061)	(44,659)	(11,570)
Gain on disposal of property and equipment	(83)	(551)	(143)
Gain on disposal of asset held for sale	(368)	(252)	(65)
Gain on disposal of associate	(2,179)	-	-
Gain on liquidation of subsidiary	(78)	-	-
Dividend income from financial assets held-for-trading	(6,946)	(8,868)	(2,297)
Dividend income from financial investments available-for-sale	(3,077)	(1,492)	(387)
Dividend income from subsidiaries	-	(397,872)	(103,076)
Financial investments available-for-sale written off	63	-	-
Impairment loss on foreclosed properties	553	35	9
Impairment loss on financial investments	-	27,523	7,130
Impairment loss on investments in subsidiaries	-	42,742	11,073
(Writeback)/Impairment loss on other receivables	(11,691)	8,794	2,278
Reversal of impairment loss on property and equipment	-	(368)	(95)
Loan and advances - allowances, net of writeback	414,726	283,363	73,410
Net (gain)/loss on revaluation of derivatives	(342,210)	363,467	94,162
Net loss/(gain) on revaluation of financial assets held-for-trading	1,790	(28,648)	(7,422)
Net gain on sale of financial assets held-for-trading	(85,517)	(27,970)	(7,246)
Net gain on sale of financial investments available-for-sale	(29,277)	(66,503)	(17,229)
Net gain on redemption of financial investments held-to-maturity	(47)	-	-
Property and equipment written off	25	132	34
Intangible asset written off	-	262	68
Scheme shares and options granted under AMMB ESS	(7,893)	(6,032)	(1,563)
Unrealised foreign exchange loss/(gain) on term funding and debt capital	208,400	(224,000)	(58,031)

	Year ended 31 March		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
(Writeback)/Charge of provision for commitments and contingencies	(4,835)	1,190	308
Operating profit before working capital changes	1,306,933	1,194,690	309,503
(Increase)/Decrease in operating assets:			
Deposits and placements with banks and other financial institutions	(550,000)	(50,000)	(12,953)
Securities purchased under resale agreements	(10,369)	10,369	2,686
Investment account	(600,000)	(1,259,110)	(326,194)
Financial assets held-for-trading	(3,877,924)	(2,052,993)	(531,863)
Loans and advances	(3,692,637)	(5,491,491)	(1,422,666)
Statutory deposit with Bank Negara Malaysia	(14,560)	(252,723)	(65,472)
Other assets	299,120	402,360	104,238
(Decrease)/Increase in operating liabilities:			
Deposits from customers	5,339,137	2,271,752	588,537
Deposits and placements of banks and other financial institutions	121,849	1,860,873	482,091
Securities sold under resale agreements	9,464	(9,464)	(2,452)
Recourse obligation on loans sold to Cagamas Berhad	(142,980)	1,091,383	282,742
Term funding	(1,900,281)	(1,254,990)	(325,127)
Other liabilities	(159,225)	87,082	22,560
Cash used in operations	(3,871,473)	(3,452,262)	(894,370)
Net taxation paid	(109,462)	(65,020)	(16,845)
Net cash used in operating activities	(3,980,935)	(3,517,282)	(911,215)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for net assets vested	(31,981)	-	-
Dividend income/distribution from subsidiaries	-	397,872	103,076
Dividend received from financial assets held-for-trading	6,946	8,868	2,297
Dividend received from financial investments available-for-sale	3,077	1,492	387
Proceed from liquidation of subsidiary	78	-	-
Net sale of financial investments held-to-maturity	780,894	300,010	77,723
Net sale of financial investments available-for-sale	1,832,346	902,641	233,845
Net (purchase)/sale of receivables: investments not quoted in active markets	(1,074,976)	22,557	5,844
Proceeds from disposal of property and equipment	240	1,286	335
Proceeds from disposal of an associate	2,279	-	-
Proceeds from disposal of asset held for sale	2,975	2,941	762
Purchase of intangible assets	(115,864)	(82,225)	(21,302)
Purchase of property and equipment	(61,654)	(20,426)	(5,292)
Withdrawal of investment in collective investment scheme	30,000	-	-

	Year ended 31 March		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Net cash generated from investing activities	1,374,360	1,535,016	397,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(467,607)	(496,320)	(128,580)
Repayment of Subordinated Term Loan/ Non-Cumulative Non-Voting Guaranteed Preference Shares	500,000	1,095,000	283,679
Repayment of Medium Term Note	-	(710,000)	(183,938)
Net cash generated from/(used in) financing activities	32,393	(111,320)	(28,839)
Net decrease in cash and cash equivalents	(2,574,182)	(2,093,586)	(542,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	8,230,187	5,658,942	1,466,047
Effect of exchange rate changes	2,937	(4,238)	(1,098)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	5,658,942	3,561,118	922,570
Cash and cash equivalents comprise:			
Cash and short-term funds	5,758,942	3,711,118	961,430
Deposits and placements with banks and other financial institutions	450,000	450,000	116,580
	6,208,942	4,161,118	1,078,010
Less: Deposits with original maturity more than 3 months	(550,000)	(600,000)	(155,440)
	5,658,942	3,561,118	922,570

	Three-month period ended 30 June		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Profit before taxation	309,959	292,956	72,513
Adjustments for non-operating and non-cash items	196,784	(209,298)	(51,804)
Operating profit before working capital changes	506,743	83,658	20,709
Changes in working capital:			
Net change in operating assets	(2,124,198)	23,117	5,722
Net change in operating liabilities	190,578	4,367,406	1,081,041
Tax refunded	5,000	18,314	4,533
Net cash (used in)/generated from operating activities	(1,421,877)	4,492,495	1,112,005
Net cash generated from/(used in) investing activities	437,648	(2,923,746)	(723,700)
Net cash used in financing activities	-	(672,954)	(166,573)
Net (decrease)/increase in cash and cash equivalents	(984,229)	895,795	221,732
Cash and cash equivalents at beginning of the financial year	5,658,942	3,561,118	881,465

	Three-month period ended 30 June		
	2017	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Changes in expected credit loss for cash and cash equivalents:			
Impact of adopting MFRS 9 at 1 April 2018	-	(973)	(241)
Movement for the financial period	-	310	77
Foreign exchange differences	-	22	5
Closing balance	-	(641)	(159)
Effect of exchange rate changes	(976)	(16)	(4)
Cash and cash equivalents at end of financial period	4,673,737	4,456,256	1,103,034
Cash and cash equivalents comprise:			
Cash and short-term funds	4,768,737	3,400,963	841,823
Deposits and placements with banks and other financial institutions	580,000	1,055,293	261,211
	5,348,737	4,456,256	1,103,034
Less: Deposits and placements with original maturity of more than 3 months	(675,000)	-	-
	4,673,737	4,456,256	1,103,034

Statements of Cash Flows

The Group

	Year ended 31 March		
	2017	**2018**	**2018**
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	1,226,894	892,518	231,223
Adjustments for:			
Accretion of discount less amortisation of premium	(59,199)	(93,399)	(24,197)
Amortisation of fair value gain on terminated hedge	(1,866)	(3,651)	(946)
Amortisation of intangible assets	82,112	85,244	22,084
Amortisation of issuance costs and premium for term funding	9,130	5,168	1,339
Amortisation of costs for debt capital	156	165	43
Depreciation of property and equipment	40,959	50,042	12,964
Gain on disposal of foreclosed properties	(108,061)	(44,659)	(11,570)
Gain on disposal of property and equipment	(83)	(2,600)	(675)
Gain on disposal of assets held for sale	(368)	(252)	(65)
Gain on disposal of associate	(1,391)	-	-
Dividend income from financial assets held-for-trading	(6,946)	(8,868)	(2,297)
Dividend income from financial investments available-for-sale	(3,077)	(1,492)	(387)
Financial investments available-for-sale written off	63	-	-
Impairment loss on foreclosed properties	553	35	9
Impairment loss on financial investments	-	27,523	7,130
(Writeback)/Impairment loss on other receivables	(11,681)	8,794	2,278
Impairment loss on property and equipment	-	(368)	(95)
Loan and advances - allowances, net of writeback	414,572	283,280	73,389
Net (gain)/loss on revaluation of derivatives	(342,210)	363,467	94,162
Net loss/(gain) on revaluation of financial assets held-for-trading	1,790	(28,648)	(7,422)
Net gain on sale of financial assets held-for-trading	(85,517)	(27,970)	(7,246)
Net gain on sale of financial investments available-for-sale	(29,280)	(66,503)	(17,229)
Net gain on redemption of financial investments held-to-maturity	(47)	-	-
Property and equipment written off	25	132	34
Intangible asset written off	-	262	68
Scheme shares and options granted under AMMB ESS	(8,117)	(6,032)	(1,563)
Unrealised foreign exchange loss/(gain) on term funding and debt capital	208,400	(224,000)	(58,031)

	Year ended 31 March		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Charge of provision for commitments and contingencies	1,157	1,179	305
Operating profit before working capital changes	1,327,968	1,209,367	313,305
(Increase)/Decrease in operating assets:			
Deposits and placements with banks and other financial institutions	(550,000)	(50,000)	(12,953)
Securities purchased under resale agreements	(10,369)	10,369	2,686
Investment account	(600,000)	(1,259,110)	(326,194)
Financial assets held-for-trading	(3,877,924)	(2,052,993)	(531,863)
Loans and advances	(3,677,770)	(5,478,593)	(1,419,325)
Statutory deposit with Bank Negara Malaysia	(14,560)	(252,723)	(65,472)
Other assets	288,075	409,892	106,190
Increase/(Decrease) in operating liabilities:			
Deposits from customers	5,361,881	2,344,364	607,348
Deposits and placements of banks and other financial institutions	99,320	1,951,053	505,454
Securities sold under resale agreements	9,464	(9,464)	(2,452)
Recourse obligation on loans sold to Cagamas Berhad	(142,980)	1,091,383	282,742
Term funding	(1,900,281)	(1,254,990)	(325,127)
Other liabilities	(147,800)	77,201	20,000
Cash used in operations	(3,834,976)	(3,264,244)	(845,661)
Net taxation paid	(127,259)	(66,578)	(17,248)
Net cash used in operating activities	(3,962,235)	(3,330,822)	(862,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from financial assets held-for-trading	6,946	8,868	2,297
Dividend received from financial investments available-for-sale	3,077	1,492	387
Net sale of financial investments held-to-maturity	780,894	300,010	77,723
Net sale of financial investments available-for-sale	1,814,327	886,481	229,658
Net (purchase)/sale of receivables: investments not quoted in active markets	(1,074,976)	22,557	5,844
Proceeds from disposal of property and equipment	240	4,040	1,047
Proceeds from disposal of an associate	4,558	-	
Proceeds from disposal of asset held for sale	2,975	2,941	762
Purchase of intangible assets	(115,864)	(82,225)	(21,302)

	Year ended 31 March		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Purchase of property and equipment	(61,658)	(21,035)	(5,449)
Net cash generated from investing activities	1,360,519	1,123,129	290,967
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(467,607)	(496,320)	(128,580)
Proceeds from issuance of Subordinated Notes	500,000	1,095,000	283,679
Repayment of Medium Term Note	-	(710,000)	(183,938)
Net cash generated from/(used in) financing activities	32,393	(111,320)	(28,839)
Net decrease in cash and cash equivalents	(2,569,323)	(2,319,013)	(600,781)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	8,455,681	5,889,301	1,525,726
Effect of exchange rate changes	2,943	(4,259)	(1,103)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	5,889,301	3,566,029	923,842
Cash and cash equivalents comprise:			
Cash and short-term funds	5,989,301	3,716,029	962,702
Deposits and placements with banks and other financial institutions	450,000	450,000	116,580
	6,439,301	4,166,029	1,079,282
Less: Deposits with original maturity more than 3 months	(550,000)	(600,000)	(155,440)
	5,889,301	3,566,029	923,842

	Three-month period ended 30 June		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Profit before taxation	316,291	294,128	72,804
Adjustments for non-operating and non-cash items	194,935	(209,100)	(51,757)
Operating profit before working capital changes	511,226	85,028	21,047
Changes in working capital:			
Net change in operating assets	(2,121,002)	23,869	5,908
Net change in operating liabilities	188,206	4,368,717	1,081,366
Tax refunded	4,665	18,142	4,491
Net cash (used in)/generated from operating activities	(1,416,905)	4,495,756	1,112,812
Net cash generated from/(used in) investing activities	435,325	(2,927,035)	(724,514)
Net cash used in financing activities	-	(672,954)	(166,573)
Net (decrease)/increase in cash and cash equivalents	(981,580)	895,767	221,725

	Three-month period ended 30 June		
	2017	2018	2018
	(RM '000)	*(RM '000)*	*(U.S.$ '000)*
Cash and cash equivalents at beginning of the financial period	5,889,301	3,566,029	882,680
Changes in expected credit loss for cash and cash equivalents:			
Impact of adopting MFRS 9 at 1 April 2018	-	(973)	(241)
Movement for the financial period	-	310	77
Foreign exchange differences	-	22	5
Closing balance	-	(641)	(159)
Effect of exchange rate changes	(981)	(16)	(4)
Cash and cash equivalents at end of financial period	4,906,740	4,461,139	1,104,242
Cash and cash equivalents comprise:			
Cash and short-term funds	5,001,740	3,405,846	843,031
Deposits and placements with banks and other financial institutions	580,000	1,055,293	261,211
	5,581,740	4,461,139	1,104,242
Less: Deposits and placements with original maturity of more than 3 months	(675,000)	-	-
	4,906,740	4,461,139	1,104,242

Financial ratios of the Issuer

	As at or for the Year Ended 31 March		As at 30 June
	2017	2018	2018
	(%)	(%)	(%)
Net Interest Margin	1.86	1.90	1.86
Return on Assets	1.06	1.14	0.90
Return on Equity	11.56	12.21	9.82
Cost to Income	52.7	53.4	52.4
Gross Impaired Loans/Gross Loans	1.90	1.55	1.68
Loan Loss Coverage (excluding collateral)	84.6	100.0	108.8
Loans and Advances/ Deposits from customers	92.2	96.4	97.0
Common Equity Tier 1 (after proposed dividends)	10.764	10.613	11.089
Total Tier 1 Capital Ratio (after proposed dividends)	12.012	11.561	12.036
Total Capital Ratio (after proposed dividends)	15.607	16.109	15.886

The Financial Ratios used are defined as:

(a) "**Net Interest Margin**" means net interest income, as a percentage of the average of beginning and year-end interest-earning assets (comprising short-term funds, securities purchased under resale agreements, deposits and placements with banks and other financial institutions, investment account placement, financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity, financial assets at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, loans and advances and Receivables: investment not quoted in active market).

(b) "**Return on Assets**" means profit after taxation as a percentage of the average of beginning and year-end total assets.

(c) "**Return on Equity**" means profit after taxation as a percentage of the average of beginning and year-end shareholder's funds.

(d) "**Cost to Income**" means other operating expense as a percentage of total Net Income (including net interest income and other operating income).

(e) "**Gross Impaired Loans/Gross Loans**" means gross impaired loans and advances as a percentage of gross loans and advances.

(f) "**Loan Loss Coverage (excluding collateral)**" means total loan loss allowances and regulatory reserve as a percentage of gross impaired loans and advances. Effective 1 April 2018, loan loss allowance includes provision for commitment and contingencies for loan commitments and financial guarantee.

(g) "**Loans and Advances/Deposits from customers**" means net loans and advances as a percentage of deposits from customers.

(h) "**Common Equity Tier 1 (after proposed dividends)**" means the ratio of common equity Tier 1 capital (net of proposed dividend) to total risk-weighted assets. For more information, see "Capital Adequacy and Funding".

(i) "**Tier 1 Capital ratio (after proposed dividends)**" means the ratio of Tier 1 capital (net of proposed dividend) to total risk-weighted assets. For more information, see "Capital Adequacy and Funding".

(j) "**Total Capital ratio (after proposed dividends)**" means the ratio of total capital (net of proposed dividend) to total risk-weighted assets. For more information, see "Capital Adequacy and Funding".

Financial ratios of the Group

	As at or for the Year Ended 31 March		As at 30 June
	2017	2018	2018
	(%)	(%)	(%)
Net Interest Margin	1.88	1.91	1.87
Return on Assets	1.08	0.76	0.91
Return on Equity	11.18	8.02	9.81
Cost to Income	52.2	62.3	52.3
Gross Impaired Loans/Gross Loans	1.90	1.55	1.68
Loan Loss Coverage (excluding collateral)	84.6	100.0	108.8
Loans and Advances/ Deposits from customers	92.5	96.5	97.1
Common Equity Tier 1 (after proposed dividends)	11.471	10.714	11.200
Total Tier 1 Capital Ratio (after proposed dividends)	12.732	11.666	12.151
Total Capital Ratio (after proposed dividends)	16.369	16.228	16.011

The Financial Ratios used are defined as:

(a) "**Net Interest Margin**" means net interest income as a percentage of the average of beginning and year-end interest-earning assets (comprising short-term funds, securities purchased under resale agreements, deposits and placements with banks and other financial institutions, investment account placement, financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity, financial assets at fair value through profit or loss, financial investment at fair value through other comprehensive income, financial investments at amortised cost, loans and advances and Receivables: investments not quoted in active markets).

(b) "**Return on Assets**" means profit after taxation as a percentage of the average of beginning and year-end total assets.

(c) "**Return on Equity**" means profit after taxation as a percentage of the average of beginning and year-end shareholder's funds.

(d) "**Cost to Income**" means other operating expenses as a percentage of total Net Income (including net interest income and other operating income).

(e) "**Gross Impaired Loans/Gross Loans**" means gross impaired loans and advances as a percentage of gross loans and advances.

(f) "**Loan Loss Coverage (excluding collateral)**" means total loan loss allowances and regulatory reserve as a percentage of gross impaired loans and advances. Effective 1 April 2018, loan loss allowance includes provision for commitment and contingencies for loan commitments and financial guarantee.

(g) "**Loans and Advances/Deposits from customers**" means net loans and advances as a percentage of deposits from customers.

(h) "**Common Equity Tier 1 (after proposed dividends)**" means the ratio of common equity Tier 1 capital (net of proposed dividend) to total risk-weighted assets. For more information, see "Capital Adequacy and Funding".

(i) "**Tier 1 Capital ratio (after proposed dividends)**" means the ratio of Tier 1 capital (net of proposed dividend) to total risk-weighted assets. For more information, see "Capital Adequacy and Funding".

(j) "**Total Capital ratio (after proposed dividends)**" means the ratio of total capital (net of proposed dividend) to total risk-weighted assets. For more information, see "Capital Adequacy and Funding".

CAPITALISATION AND INDEBTEDNESS

The following tables set forth the capitalisation and indebtedness of the Group and the Bank as at 30 June 2018. This table is derived from, and should be read in conjunction with, the condensed interim financial statements of the Group and the Bank as at 30 June 2018**.**

Group	**As at 30 June 2018[(1)]**	
	(RM '000)	**(U.S.$ '000)**
Liabilities		
Deposits from customers	70,770,230	17,517,384
Deposits and placements of banks and other financial institutions	5,904,458	1,461,500
Securities sold under resale agreements	294,961	73,010
Recourse obligation on loans sold to Cagamas Berhad	3,753,216	929,014
Derivative financial liabilities	875,922	216,812
Term funding	3,138,039	776,742
Debt capital	2,979,913	737,602
Other liabilities	1,947,422	482,035
Total Liabilities	**89,664,161**	**22,194,099**
Equity		
Share capital	1,940,465	480,313
Reserves	7,074,172	1,751,033
Equity attributable to equity holder of the Bank	**9,014,637**	**2,231,346**
Non-controlling interests	**64**	**16**
Total Equity	**9,014,701**	**2,231,362**
Total Liabilities and Equity	**98,678,862**	**24,425,461**
Commitments and contingencies	**124,566,403**	**30,833,268**

Note:

(1) There has been no material change in the capitalisation, indebtedness or contingent liabilities of the Group since 30 June 2018.

Bank	As at 30 June 2018[1]	
	(RM '000)	(U.S.$ '000)
Liabilities		
Deposits from customers	70,775,612	17,518,716
Deposits and placements of banks and other financial institutions	5,915,408	1,464,210
Securities sold under resale agreements	294,961	73,010
Recourse obligation on loans sold to Cagamas Berhad	3,753,216	929,014
Derivative financial liabilities	875,922	216,813
Term funding	3,138,039	776,742
Debt capital	2,979,913	737,602
Other liabilities	1,934,175	478,757
Total Liabilities	**89,667,246**	**22,194,864**
Equity		
Share capital	1,940,465	480,313
Reserves	7,031,970	1,740,587
Equity attributable to equity holder of the Bank	**8,972,435**	**2,220,900**
Total Equity	**8,972,435**	**2,220,900**
Total Liabilities and Equity	**98,639,681**	**24,415,764**
Commitments and contingencies	**124,627,430**	**30,848,374**

Note:

(1) There has been no material change in the capitalisation, indebtedness or contingent liabilities of the Bank since 30 June 2018.

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.

In addition, considerations which are 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. 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

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

The Bank's exposure to interest rates arises mainly from its loan portfolio, holdings of securities, its funding profile and its interbank deposit/placement position. When interest rates rise, the Group's net interest margin generally improves, since a significant portion of the Group's loan portfolio consists of variable-rate loans, while its liabilities include fixed-rate short term customer deposits. Conversely, when interest rates decline, the opposite generally occurs. As at 31 March 2018, the Group had RM12.1 billion of fixed-rate auto finance loans, which represented 17.8 per cent. of its total gross loans and advances. To mitigate the risk of mismatch of interest rates on fixed rate auto finance loans, the Group also provides, among other measures, floating rate auto finance loans. As at 31 March 2018, the Group had RM1.0 billion of floating rate auto finance loans, which represented 1.5 per cent. of its total gross loans and advances. As a hedge against these interest rate risks, the Group has also entered into interest rate swaps. However, the actual effect on earnings due to a change in interest rates depends on the direction, degree and timing of such change in interest rates, the behaviour and contractual repricing dates of the Group's funding operations, assets and liabilities and its ability to respond to changes in interest rates. Although the Group believes that it has adopted sound interest rate risk management strategies, there is no assurance that such strategies will remain effective or adequate in the future.

A decline in the Group's asset quality could adversely affect its business, financial condition, results of operations or prospects if its loan provisions are insufficient to cover its liabilities

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 system, all of which could affect the recoverability and value of the Group's assets and require an increase in the Group's provisions for the impairment of its assets and other credit exposures. As at 31 March 2018, the Group's gross impaired loans and advances ratio was 1.55 per cent., an improvement from 1.90 per cent. as at 31 March 2017, and is below the industry average of 2.0 per cent. for domestic and foreign banks operating in Malaysia as at March 2018. The Group has a loan loss coverage ratio (ratio of provisions to total impaired loans) of approximately 100.0 per cent. as of 31 March 2018. Please refer to '*Summary of Financial Information*' for more information on the Group's loan loss coverage ratios. Furthermore, a significant amount of the Group's collateral is no longer in the form of vehicles. Much of the Group's collateral is in the form of property which makes up of 63 per cent. of the total collateral value. The Group's business, financial condition, results of operations or prospects could be adversely affected if the Group's provisions are insufficient, the value of the Group's collateral declines, a material amount of the Group's loans becomes uncollectible, or there is a downturn in the Malaysian economy. Any significant decline in the Group's asset quality could adversely affect its business, financial condition, results of operations or prospects.

The Group has adopted 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 and results of operations of the Group. See "*Risk Management*" for a description of the Group's credit risk management systems.

The Group may experience liquidity problems

The funding requirements of Malaysian banks are primarily met through short-term funding with up to one-year tenure, namely term deposits from customers and from other financial institutions. The Group's experience is that a substantial portion of its customers' term deposits are rolled over upon maturity. More recently, the Group has sought to diversify its funding portfolio to more stable sources with effective maturity beyond one year However, no assurance can be given that this will continue in the future. If a substantial number of depositors, or a small number of large depositors, fail to roll over deposited funds upon maturity, the Group's liquidity position could be adversely affected and the Group may be required to seek alternative sources of short-term or long-term funding, which may be more expensive than deposits, to finance its operations. Furthermore, there can be no guarantee that the Group will be able to obtain such funds. See "Funding, Liquidity and Capital Adequacy".

Although the Group's policy is to adopt prudent liquidity risk management, which includes maintaining a diversified and stable source of funding, capital and credit markets may be volatile and the availability of funds may be limited during times of volatility. Volatility in international capital markets may result in the Group incurring increased financing costs associated with its debt and with the issuance of debt securities. Moreover, it is possible that the Group's ability to access the capital and credit markets may be limited by these or other factors at a time when the Group would like, or need, to do so, and as a result could have an impact on the Group's ability to grow its business, refinance maturing debt, maintain credit ratings and/or react to changing economic and business conditions. The Group may require additional financing to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. The Group's Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**") as at 30 June 2018 computed in accordance with BNM's Liquidity Coverage Ratio Guideline and Basel III Observation Period Reporting (Net Stable Funding Ratio) Guideline are 161.3 per cent. and 115.8 per cent. respectively, as compared with an industry average for LCR of 138.0 per cent. (*Source*: BNM's statistics as at June 2018).

A concentration in hire purchase loans may adversely affect the Group's loan portfolio and its business, financial condition, results of operations or prospects

Hire purchase loans amount to RM13.2 billion (U.S.$ 3.4 billion) (or 19.4 per cent.) of the Group's gross loan portfolio as at 31 March 2018. The percentage of hire purchase to total gross loans has decreased over the last five years, and also further decreased to 18.7 per cent. of the Group's gross loan portfolio as at 30 June 2018. Any change in interest rates brought about by factors including domestic economic growth, volatility of interest rates or the high level of competition within the hire purchase industry may cause the interest rates which the Group can charge, and the Group's net margin, on such loans to decline in the future. Furthermore, the future growth of the Group's hire purchase business depends on a number of factors, including continued growth in the Malaysian economy, supporting growth in automobile sales. There can be no assurance that the Group's hire purchase loan portfolio, or its income from such loans, will continue to grow. In addition, because of the concentration of such loans, the Group's impaired loan position is more exposed than it otherwise would be due to the inability of its customers to service their auto loans, and the occurrence of any of the economic risks discussed in this section may require the Group to make additional loan loss provisions.

The Group's risk management system may be inadequate or ineffective in managing risks

Generally, the risks faced by the Group can be broadly divided into:

- market risk, which is the risk of loss associated with changes in the value of portfolios and financial instruments caused by movements in market variables, such as interest or profit rates, foreign exchange rates and equity prices;
- funding risk, which is the risk that the Group is not able to fund its day-today operations at a reasonable cost;
- credit risk, which is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations;
- operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes, people and systems or from, external incidents, which include (but not limited to) outsourcing risk, information technology (including cyber security) risk, reputational risk and Shariah risk;
- legal risk, which is the risk arising from unenforceability of contracts, lawsuits or adverse judgements; and
- regulatory risk from, *inter alia*, potential breaches of applicable laws.

Each of the business risks above has an implication on the Group's financial condition and every transaction that the Group undertakes is subject to, inter-alia, the abovementioned risks. the Group's financial position may be adversely affected resulting from any of the risks operating on its own. For example, the Group's investment position in certain assets may require a significant mark-down as a result of the slump in the market price of those assets, or the Group may find that it will not be able to enforce a counterparty obligation due to imperfect documentation.

Far more critical to the Group's financial condition is a risk that has a 'chain reaction' effect whereby the operation of one risk leads to the operation of one or more other risks. For example, a market downturn may result in the Group's customers incurring losses thus weakening their financial condition and triggering an increase in credit risks. Such increased credit risks may require the Group to set aside additional loss provisions which could potentially affect the Group's credit rating adversely thereby increasing liquidity risk. In an extreme case, the additional loss provisions (if large) may lead to the Group breaching regulatory capital requirements.

To counter the business risks it faces, the Group has put in place a risk management framework to manage uncertainties such that deviations from the Group's intended objectives are kept within acceptable levels. The risk management framework thus serves to identify, capture and analyse the risks assumed by the Group at an early stage, continuously measuring and monitoring the risks and to set limits, policies and procedures to control them to ensure sustainable risk-taking and sufficient return.

There can be no assurance, however, that the present risk management framework will always be effective or adequate as there may be risks which cannot be anticipated or identified or which turn out to be greater than was indicated by risk management strategies based on historical data. Further, whilst the Group believes that it has adopted a sound risk management framework that is consistently applied across the Group instances of material non-compliance with the Group's risk management policies could occur. Any failure in the effectiveness of the Group's risk management procedures could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Problems arising in connection with further consolidation of the Group's businesses may have a material adverse effect on the Group

In 1999, the Malaysian government called for a consolidation of the banking sector in order to further develop and strengthen the domestic banking system, so that domestic banks could be better positioned to respond to the new and changing requirements of the economy and to be more efficient and competitive. The Issuer was one of the 10 anchor banks which participated in the consolidation via its acquisition of MBf Finance Berhad ("**MBf Finance**") in 2001. Further consolidation with other financial institutions is possible and may again, due to taking on impaired loans or otherwise, result in the Group's business, financial condition, results of operations or prospects being adversely affected. In particular, if the Group makes a decision relating to any merger or acquisition in uncertain or highly competitive economic or market conditions or for a substantial consideration, such merger or acquisition may result in an increase to its risk exposure or a depletion of the resources of the Group, which could have an adverse effect on the business, financial condition and results of operations of the Group. Furthermore, any merger of entities involves the integration of various systems, processes and cultures which may require significant resources to be expended. There can be no assurance that such integration processes would be undertaken effectively or in a timely manner. Any failure or delay by the Group in implementing any consolidation activities that it pursues, or any successful consolidation efforts by its competitors, may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Major shareholders may influence policies of the Issuer

As of 30 June 2018, Amcorp Group Berhad ("**Amcorp**") and Australia and New Zealand Banking Group Limited ("**ANZ**") via its wholly owned subsidiary, ANZ Funds Pty Ltd held 12.97 per cent. and 23.78 per cent. respectively, of the issued share capital of AMMB Holdings, which, in turn, holds 100.0 per cent. of the issued share capital of the Issuer. As of 30 June 2018, Tan Sri Azman Hashim, the Chairman/Non-Independent Non-Executive Director of the Issuer held indirectly, a 100.0 per cent. controlling interest in Amcorp, which, in turn, is a substantial shareholder in AMMB Holdings. Based on these shareholding interests in Amcorp, AMMB Holdings and the Issuer, each of these major shareholders may, to a certain extent, be able to exercise control over matters which require shareholders' approval. There can be no assurance that the corporate objectives and strategies of the Issuer would not be substantially influenced by the policies of the shareholders. In the case of ANZ as major shareholder, the Issuer and such shareholder also enjoy a strategic relationship which has been and is expected to continue to be of significant benefit to the Issuer. If for any reason the nature or extent of ANZ's investment in the Issuer were to change over time, there can be no assurance that the Issuer would continue to benefit from this or any similar strategic relationship to the same extent.

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, BCBS released two documents entitled "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" (subsequently updated in June 2011) 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 2 February 2018, BNM issued its regulatory capital adequacy framework entitled "Capital Adequacy Framework (Capital Components)" (superseding the policy document on "Capital Adequacy Framework (Capital Components)" issued on 13 October 2015 and 4 August 2017) implementing the Basel III reforms. The capital requirements set out by BNM in the updated policy document require banking institutions, including the Group, to maintain the following minimum capital ratios:

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

In addition, banks are required to maintain additional capital buffers above the minimum CET1, Tier 1 and total capital ratios set out above in the form of a capital conservation buffer and a countercyclical capital buffer.

The capital conservation buffer is to enable the banking system to withstand future periods of stress and requires banks to maintain an additional buffer equal to a minimum of 1.875 per cent. (for the 2018 calendar year) and 2.50 per cent. (from 2019 onwards).

If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer in the form of CET1 within a range of 0.0 per cent. to 2.5 per cent. of risk-weighted assets will also apply above the minimum CET1, Tier 1 and total capital ratios (as increased by the capital conservation buffer). The countercyclical buffer is determined as the weighted-average of the prevailing countercyclical capital buffer requirements applied in the jurisdictions in which the relevant banking institution has credit exposures.

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

As at 30 June 2018, the Group's CET1 ratio after proposed dividends was 11.2 per cent., its Tier I capital adequacy ratio after proposed dividends was 12.2 per cent., and its total capital ratio after proposed dividends was 16.0 per cent. The Group's capital base and capital adequacy ratio may deteriorate in the future if its results of operations or financial condition deteriorate for any reason, including as a result of any deterioration in the asset quality of its loans, or if the Group is not able to deploy its funding into suitably low-risk assets. If the Group's capital adequacy ratio deteriorates, it may be required to obtain additional CET1, Tier I or Tier II capital in order to remain in compliance with the applicable capital adequacy guidelines. However, the Group may not be able to obtain additional capital on favourable terms depending on the market conditions and circumstances prevailing at the time of the intended capital raising, or at all.

Furthermore, there can be no assurance that BCBS will not amend the package of reforms described above or that BNM will not amend the Capital Adequacy Framework in a manner which imposes additional capital requirements on, or otherwise affects the capital adequacy requirements relating to, Malaysian banks. The approach and local implementation of Basel III will depend on BNM's response which may potentially impact the Group in various ways depending on the composition of its qualifying capital and risk weighted assets. There is no assurance that the Group will not face increased pressure on its capital in the future to comply with Basel III standards and the Capital Adequacy Framework which may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Risk of significant fraud, system failures, calamities or security breaches

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 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, there can be no assurance that such operational risks and losses can be fully mitigated or avoided.

In addition, the Group seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by the Group's increased use of the internet. Computer break-ins and power disruptions could affect the security of information stored in, and transmitted through, these computer systems and network infrastructure. The Group employs security systems, including firewalls and password encryption, designed to minimise the risk of security breaches. There can be no assurance that the risks of such security can be fully mitigated or avoided.

Significant fraud, system failure, calamity or failure in security measures could have an adverse effect on the Group's business, financial condition, results of operations, prospects and reputation. See "*Risk Management*" for a description of the Group's exposure to operational risks and "*Description of the Group — Technology*" for a description of the Group's information technology ("**IT**") systems.

Employee misconduct could adversely tarnish the Group's image and affect its business, financial condition, results of operations or prospects

The Group is susceptible to the risks associated with acts of misconduct by its employees including directors. Acts of misconduct by employees may take various forms and could include misappropriation of the Group's assets or the assets of its clients, concealment and/or wilful misstatement of its liabilities, unauthorised transactions and/or commitment of its resources, and breach of client confidentiality.

Acts of misconduct by employees would not only result in financial loss to the Group but may also tarnish its image, which would bring about a loss of its stature in the market. Furthermore, acts of misconduct may also cover breaches of laws, regulations and guidelines, which, in extreme cases, could result in suspension and/or revocation of the Group's banking licences under the Financial Services Act 2013 of Malaysia ("**FSA**") and could affect the Group's business, financial conduct and results of operations.

Whilst the risks of misconduct by employees, including directors, cannot be entirely eliminated, the Group has in place internal control systems to check such misconduct and to take appropriate actions.

If the Group is unable to adapt to rapid technological changes on a timely basis, or is not successful in integrating new technologies into its existing technology framework, its business could suffer

The Group's future success and ability to compete with other banks will depend, in part, on its ability to respond to technological advances and emerging banking industry standards and practices on a cost-effective and timely basis. Any failure to keep pace with technological advances or to maintain an appropriate level of investment in IT may adversely affect the Group's competitiveness, business, financial condition, results of operations, prospects and reputation. While the Group has dedicated significant resources to implementing the latest technological advances to improve the accessibility of its services, for instance through internet and mobile phone banking, and has already implemented certain digital banking services such as its mobile application terminal, there can be no assurance that the Group will successfully implement new technologies effectively or adapt its transaction-processing systems to customer requirements or industry standards, which may, in turn, have a material adverse effect on its business and financial condition. The implementation of new technology may expose the Group to technical or operational risks or difficulties associated with transitioning or integrating its existing systems and infrastructure with the introduction of new technologies, systems or other equipment, which could adversely affect its business, financial condition, results of operations, prospects and reputation.

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

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 affect the Group's business, financial condition and results of operations.

Inability to comply with the restrictions and covenants contained in the Group's debt agreements

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

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

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

Market movements may have an impact on the Group in a number of key areas. For example, changes in interest rate levels, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. Historically, there have been periods of high and volatile interbank lending margins over official rates (to the extent banks have been willing to lend at all), which have exacerbated such risks. Competitive pressures on fixed rates or product terms in existing loans and deposits sometimes restrict the Group in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

Any failure by the Group to implement, or consistently follow, its risk management asset writing strategies may adversely affect its financial condition and results of operations, and there can be no assurance that the Group's risk management systems will be effective. In addition, the Group's risk management systems may not be fully effective in mitigating risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicated.

Considerations relating to Malaysia

The business of the Group is concentrated in Malaysia, which may result in a higher level of risk compared to some other banks whose businesses are spread over different countries

The operating revenues and assets of the Group are principally derived and employed in Malaysia. In addition, the concentration of revenue streams and asset locations in Malaysia may entail a higher level of risk as compared to some other banks which have revenue streams and/or assets spread over different countries. As a result, the revenue derived by the Group and the overall quality of its loan portfolio depends on Malaysia's economy, which is, in turn, affected by general economic and business conditions in the Asian region.

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, an unstable political system and severe fluctuations in interest and currency exchange rates, nullification of contract, imposition of capital controls and methods of taxation. These developments could create uncertainty and could discourage the free flow of investment capital and affect international trade, ultimately resulting in adverse developments in national economic activity. This in turn may have a material adverse impact on the financial performance of banks in the financial services sector including the Group. In addition, the Group could be subject to changes in legal regimes and governmental regulations such as licensing and approvals, taxation and duties and tariffs.

Negative developments in Malaysia's socio-political environment may also affect the business, financial condition, results of operations and prospects of the Group. Any change in Government policies, changes to senior positions within the Government which resulted from the recent general elections in Malaysia in May 2018, or any political instability in Malaysia arising from these changes, may have a material adverse effect on the financial services sector including the Group, its business, operations and financial condition. Furthermore, recent changes in the composition of the Government could result in a change in Government policies or may lead to review of, or investigations into, policies of preceding Governments (including, for example, any involvement of the preceding Government in the operations and/or activities of 1Malaysia Development Bhd). Any such changes in Government policies, or investigations into the policies of any preceding Government, could result in repercussions on the Malaysian banking industry generally.

Changes in market conditions may have an adverse effect on the Group's business, financial condition, and results of operations or prospects

The Malaysian economy is affected by changes in the global economic and market environment. Any widespread global financial instability may adversely affect the Malaysian economy, which could materially and adversely affect the Group's business, financial conditions and results of operations or prospects. There can be no assurance that changes in market conditions will not adversely affect the Group's business, financial condition, results of operations or prospects.

In addition, to the extent that any of the Group's customers have been adversely affected by the changes in market conditions and the global credit and financial markets generally, the ability of such customers to service their financing obligations to the Group may also be affected. If loans or financing provided to these customers were to become non-performing, this could adversely affect the Group's business, financial condition, results of operations or 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 outbreak of an infectious disease such as Ebola virus, Middle East respiratory syndrome coronavirus ("**MERS-CoV**") or Influenza A (H1N1, H5N1) 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 and results of operations.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective. An outbreak of the Ebola virus, MERS-CoV, Influenza A or another contagious disease or the measures taken by the governments of affected countries, including Malaysia, against such potential outbreaks, could seriously interrupt the Group's operations and have a material adverse effect on the business, financial condition, results of operations and prospects of the Group. The perception that an outbreak of the Ebola virus, MERS-CoV, Influenza A or another contagious disease may occur may also have an adverse effect on the economic conditions of Malaysia or any other countries in which the Group operates.

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

BNM has, in the past, intervened in the foreign exchange market to stabilise the Malaysian Ringgit, and instituted a fixed exchange rate of RM3.80 to U.S.$1.00 on 2 September 1998. Subsequently, on 21 July 2005, BNM adopted a managed float system which benchmarked the Malaysian Ringgit to a currency basket to ensure that the Malaysian Ringgit remains close to its fair value. Between 2007 and 2008, BNM also intervened to counter strong portfolio inflows against the U.S. dollar that sharply increased international reserves, from U.S.$83.5 billion in January 2007 to U.S.$125.8 billion in June 2008, a rise of just over 50 per cent. As the global financial crisis in 2008 caused a sudden reversal of portfolio investment, exerting a significant downward pull on the Malaysian Ringgit, BNM again intervened to moderate the sharp depreciation pressure on the Malaysian Ringgit. As a result, international reserves fell by more than a quarter, from more than U.S.$120 billion in September 2008 to U.S.$88 billion at the end of April 2009 (*Source:* 'Foreign exchange intervention in Malaysia' (2013), Bank for International Settlements). 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 BNM's objectives. The Group re-values its foreign currency borrowings and its investments on its balance sheet to account for changes in currency rates and recognises the resulting gains or losses in its statement of income. To the extent that the Group is unable to minimise its foreign currency exposure through appropriate foreign currency hedging transactions, fluctuations in the Malaysian Ringgit's value against other currencies may have an adverse effect on the Group's business, financial condition, results of operations and prospects. To the extent that the foreign currency exposure of the Group's customers are not hedged, this may also result in difficulty in such customers repaying their borrowings when their functional currency depreciates significantly against foreign currency, which may also result in potential IL impact to the Group.

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 Malaysia).

There can be no assurance that the Government will not re-impose these or other 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 levy.

Corporate accounting and disclosure standards in Malaysia may vary from those in other jurisdictions

The quantity and quality of publicly available information in respect of the Group may be of a lower standard from that which is regularly made available by public companies in other jurisdictions. These differences include, but are not limited to the timing and content of disclosure of 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. Accordingly, the quantity and quality of information about the Group which is available to an investor may not be on par with, and may offer less protection to investors than, that of a public company in another jurisdiction.

Considerations relating to the Malaysian Financial Services Industry

Competition

The Malaysian banking industry operates in a very competitive environment fostered by BNM's policies including, inter alia, foreign licensed Islamic banks and domestic Islamic banks which are now allowed to offer/perform products and perform 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 per cent. for existing domestic Islamic banks, investment banks, insurance and takaful companies. The foreign equity limit for existing domestic commercial banks is currently 30 per cent. There can be no assurance that current foreign equity limits in the Malaysian financial sector will not be increased in the future. All of the abovementioned 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 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. See "Overview of the Malaysian Banking Industry".

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. As such, 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.

Regulatory environment

The Group's principal business activities are regulated by various Government authorities or agencies. The Issuer is regulated by BNM who has extensive powers to regulate the Malaysian banking industry under the FSA. BNM has broad investigative and enforcement powers. Accordingly, potential investors should be aware that BNM could, in the future, set interest rates at levels or restrict credit in a way which may be adverse to the operations, financial condition or asset quality of banks and financial institutions in Malaysia, including the Group, and may otherwise significantly restrict the activities of the Group and Malaysian banks and financial institutions generally.

The regulatory measures presently imposed on the financial services sector, 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 per cent., which is applicable to a loan taken out by a borrower to finance their third residential 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 per annum (from RM18,000 per annum) and stipulating that persons earning RM36,000 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, residential loans with a loan-to-value ratio greater than 90 per cent. will now have to carry a risk weightage of 100 per cent. compared with 75 per cent. 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.

Contravention of BNM regulations and guidelines may expose the Group to enquiries from or investigations by BNM and other Malaysian regulatory authorities and agencies. Where enquiries or investigations conclude that the Group has contravened BNM's regulations and guidelines, the Group may be exposed to punitive actions including fines, corrective orders, restriction of business lines and possible loss of licences required for the Group to operate its businesses which may adversely affect the Group's reputation. For example, on 23 November 2015, AMMB Holdings Berhad announced that it had agreed to pay a penalty of RM 53.7 million to BNM pursuant to section 234 of the Financial Services Act 2013 and section 245 of the Islamic Financial Services Act 2013 with respect to non-compliance with certain regulations thereunder by AmBank (M) Berhad and AmBank Islamic Berhad, respectively, relating to certain weaknesses in AMMB Group's reporting systems and processes. At that time AMMB Group also announced that it had commenced its own review and had been co-operating with BNM with regard to such matter, including providing information to BNM. The review led to the strengthening of AMMB Group's governance structure (see further "*Description of the Group — Recent Developments*"). Future contravention of regulations, policies or guidelines of BNM (or any other regulatory authorities and agencies) may carry with it financial and reputational risks that could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Scope and costs of deposits insurance in Malaysia

BNM is not required to act as lender of last resort to meet liquidity needs in the banking system generally or for specific institutions, 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**"). Under the Deposit Insurance System, eligible deposits were originally insured up to a prescribed limit of RM60,000 (inclusive of principal and interest) per depositor, per member institution. There was also separate coverage of up to RM60,000 per depositor, per member institution for Islamic deposits (i.e., those accepted under Shariah principles), accounts held under joint ownership, trust accounts and accounts in the name of sole proprietorships and partnerships. The Deposit Insurance System is administrated by the Malaysia Deposit Insurance Corporation (Perbadanan Insurans Deposit Malaysia) ("**MDIC**"), an independent statutory body, 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. From 31 December 2010, the Malaysia Deposit Insurance Corporation Act 2011 (the "**2011 Act**") came into effect and replaced the existing legislation. 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 per depositor per member bank with such amount being inclusive of principal and interest as of 31 December 2010. In addition, under the 2011 Act, foreign currency deposits will now benefit from deposit insurance protection.

The RM250,000 limit provides for 99 per cent. of existing depositors to be protected in full. A separate coverage for the same amount is provided for Islamic deposits (i.e. those accepted under Shariah principles), accounts held under joint ownership and trust accounts, sole proprietorships and partnerships. It is envisaged that the level of coverage will provide protection for up to 95 per cent. of such depositors.

Notwithstanding the aforesaid, the fact that deposits exceeding the prescribed limits are not insured up to their full amount could lead to or exacerbate liquidity problems, which, if severe, could have an adverse effect on the Group's business, financial condition, results of operations or prospects, or on the Malaysian financial markets generally. Notes issued under the Programme are not entitled to protection under the 2011 Act.

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 certain such features and the risks associated with them.

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

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

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

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

Interest rates and indices which are deemed to be "benchmarks", (including LIBOR, LIBID, LIMEAN, EURIBOR and HIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and is applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing LIBOR, LIBID, LIMEAN, EURIBOR or HIBOR, in particular, if the methodology or other terms of LIBOR, LIBID, LIMEAN, EURIBOR or HIBOR are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of LIBOR, LIBID, LIMEAN, EURIBOR or HIBOR.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including LIBOR, LIBID, LIMEAN, EURIBOR and HIBOR):

- discourage market participants from continuing to administer or contribute to the "benchmark";
- trigger changes in the rules or methodologies used in the "benchmark"; or
- lead to the disappearance of the "benchmark".

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

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing LIBOR, LIBID, LIMEAN, EURIBOR or HIBOR.

The interest rate on Fixed Rate Notes will reset on the Reset Date, which could affect the secondary market and the market value of the Fixed Rate Notes concerned

Fixed Rate Notes (as defined in the "*Terms and Conditions of the Notes*") will initially bear interest at the Initial Interest Rate until (but excluding) the Reset Date (as defined in the "*Terms and Conditions of the Notes*"). On the Reset Date, the interest rate will be reset to a rate, being the sum of:

- the benchmark rate in effect as at the Reset Date; plus
- the Margin (as defined in the "*Terms and Conditions of the Notes*"),

as stated in the relevant Pricing Supplement (the "**Reset Interest Rate**"). The Reset Interest Rate for any Reset Period (as defined in the "*Terms and Conditions of the Notes*"), could be less than the Initial Interest Rate and could therefore adversely affect the market value of an investment in the Fixed Rate Notes.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This 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 lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Partly-Paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

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

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

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:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for change in economic conditions, 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 Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Modification

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

The Conditions of the Notes also provide that the Agency Agreement may be amended without the consent of the Noteholders if:

- to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders; or

- such modification is either of a formal, minor or technical nature or made to cure any ambiguity or correct a manifest or proven error or to comply with mandatory provisions of the law.

Malaysian Taxation

Under the present Malaysian law, all interests payable to non-residents in respect of the Notes are exempted from withholding tax. However, there is no assurance that this present position will continue and in the event that such exemption is revoked, modified or rendered otherwise inapplicable, such interests 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.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes and Global Certificates will be deposited with the Common Depositary or lodged with a sub- custodian for the CMU (each of Euroclear, Clearstream, Luxembourg and the CMU a "**Clearing System**") and together, the "Clearing Systems"). Except in the circumstances described in the relevant Global Note or

Global Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Notes and 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 Clearing Systems.

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 the common depositary for Euroclear, Clearstream, Luxembourg 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(s) 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 and 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 System(s) to appoint appropriate proxies.

Bearer Notes where denominations involve integral multiples: definitive bearer Notes

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

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

Noteholders' ability to enforce claims is uncertain

Substantially all the assets of the Issuer are located in Malaysia. Generally, since England is a reciprocating country, any final and conclusive judgment for the payment of money (other than a sum of money payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) rendered by the courts in England or other reciprocating countries ("**Reciprocating Countries**") as listed in the Reciprocal Enforcement of Judgments Act, 1958 of Malaysia ("**REJA**") in respect of the Notes which is enforceable in the Reciprocating Countries will be recognized and enforceable by the Malaysian courts without review of merits, so long as the judgement:-

- is not inconsistent with public policy in Malaysia;
- was not given or obtained by fraud or duress or in a manner contrary to natural justice;
- is not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty;
- was of a court of competent jurisdiction of England and the judgment debtor being the Issuer in the original court having received notice of those proceedings in sufficient time to enable it to defend the proceedings (notwithstanding that process may have been duly served on him in accordance with the laws of England);

- has not been wholly satisfied;
- is final and conclusive between the parties;
- could be enforced by execution in England;
- is for a fixed sum;
- is not directly or indirectly intended to enforce the penal laws or sanctions imposed by the authorities of England;
- is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; and
- is vested in the person by whom the application for registration was made.

As a result, Noteholders with claims against the Issuer, its directors or executive officers, will generally be able to pursue such claims by registering such judgments obtained in the recognized English courts or those of other Reciprocating Countries in the High Court of Malaya.

Where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian Ringgit, the judgment shall be registered as if it were a judgment for such sum in Malaysian Ringgit on the basis of the rate of exchange prevailing at the date of the judgment of the original court is equivalent to the sum so payable.

Considerations relating to the Subordinated Notes

The Issuer's obligations under the Subordinated Notes are subordinated obligations which do not provide for events of default allowing acceleration of payment

The Subordinated Notes will constitute direct, unconditional, unsecured, and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up or administration of the Issuer, the payment obligations of the Issuer under or arising from the Subordinated Notes, the Coupons relating to them shall be subordinated to the claims of all Unsubordinated Creditors (as defined in Condition 3(b)) of the Issuer, but shall rank at least *pari passu* with the claims of creditors in respect of Tier 2 Capital Securities (as defined in Condition 3(b)) and shall rank in priority to the claims of holders of creditors in respect of Subordinated Indebtedness (as defined in Condition 3(b)).

If at any time there is a Winding-Up (as defined in Condition 3(b)) of the Issuer, there shall be payable on each Subordinated Note an amount equal to the Early Redemption Amount of such Subordinated Note, together (if applicable) with accrued interest to the date of payment. Any such payment will be subordinated as described above, and the holders of any Subordinated Notes may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. As there is no precedent for a winding-up of a major financial institution in Malaysia, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof.

Accordingly, although the Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

Furthermore, the Conditions do not provide for events of default allowing for acceleration of the Subordinated Notes if certain events occur. If the Issuer fails to make payment on the due date of interest or principal in respect of any of the Subordinated Notes (as such failure is not cured within the relevant grace period), or in a

Winding-Up of the Issuer, the Subordinated Noteholders may give written notice to the Fiscal Agent that such Subordinated Note is immediately repayable, whereupon the Early Redemption Amount of such Subordinated Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable. In the case of a non-payment, the holder of a Subordinated Note may also institute a Winding-Up proceeding against the Issuer. However, any such payments will also be subordinated as described above.

The Subordinated Notes may be redeemed prior to maturity at the Issuer's option or upon the occurrence of a Tax Event or a Capital Disqualification Event, subject to certain conditions

Subject as provided in the Conditions, in particular the written approval of BNM, the Issuer may, at its option, redeem all (but not some only) of the Subordinated Notes at any time at the Early Redemption following the occurrence of a Tax Event (as defined in Condition 6(c)) or a Capital Disqualification Event (as defined in Condition 6(e)), subject in each case to the Issuer demonstrating to the satisfaction of BNM that the relevant Tax Event or Capital Disqualification Event (as the case may be) is material and was not reasonably foreseeable as at the Issue Date. In addition, subject as provided in the Conditions, the Issuer may in its sole discretion, redeem all or, if so provided some, of the Subordinated Notes on such early redemption date(s) as may be specified in the applicable Pricing Supplement, at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

It is not possible to predict whether or not any of the events referred to above will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Subordinated Notes, and if so whether or not the Issuer will elect to exercise such option to redeem Subordinated Notes. There can be no assurances that, in the event of any such early redemption, holders of Subordinated Notes able to reinvest the proceeds at a rate that is equal to the return on the Subordinated Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

Additionally, the early redemption features may limit the market value of the Subordinated Notes during any period in which the early redemption features are applicable to the Subordinated Notes (or are perceived to be applicable).

The terms of the Subordinated Notes may contain non-viability loss absorption provisions, and the occurrence of a Trigger Event may be inherently unpredictable and beyond the control of the Issuer

The Capital Adequacy Framework (Capital Components) issued by BNM on 2 February 2018 provides that the terms of all Additional Tier 1 and Tier 2 capital instruments of the Issuer must be loss absorbing at the point of non-viability. In this regard, the Additional Tier 1 and Tier 2 capital instruments that include a loss absorption feature are complex financial instruments and the regulations on non-viability loss absorption are untested in Malaysia and will be subject to the interpretation and application by the relevant authority in Malaysia. It is uncertain how the relevant Malaysian authority would determine the occurrence of a Trigger Event and the range of circumstances in which the relevant Malaysian authority could rely upon to determine such occurrence is wide. The Trigger Event (as defined in the "*Terms and Conditions of the Notes*") would be the earlier of:

- the Relevant Malaysian Authority (as defined in the "Terms and Conditions of the Notes") notifying the Issuer in writing that it is of the opinion that a write-off of the principal and/or interest and/or (if applicable) any amounts owing under each Subordinated Note is necessary, without which the Issuer and/or the AMMB Group for so long as AMMB is the holding company of the Issuer) would cease to be viable; and

- the Relevant Malaysian Authority publicly announcing that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer and/or the AMMB Group for so long as AMMB is the holding company of the Issuer would cease to be viable.

To the extent that a series of Subordinated Notes, as applicable, contains provisions relating to loss absorption, upon the occurrence of a Trigger Event relating to the Issuer and/or the AMMB Group as determined by the Relevant Malaysian Authority, the Issuer may be required, subject to the terms of the relevant series of Subordinated Notes and the discretion of the Relevant Malaysian Authority, irrevocably (without the need for the consent of the holders of such Subordinated Notes) to effect either a full or partial write-off of the outstanding principal and accrued and unpaid interest in respect of such Subordinated Notes.

To the extent relevant in the event that such Subordinated Notes are written-off, any written-off amount shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-off. No Noteholder may exercise, claim or plead any right to any amount written-off, and each Noteholder shall be deemed to have waived all such rights to such amounts written-off. A write-off of any amount in respect of the Subordinated Notes shall not constitute an Event of Default under the Terms and Conditions of the Notes.

While BNM has set out a list of factors that it may take into account in assessing viability, it is not an exhaustive list and, ultimately, the circumstances in which the BNM may exercise its discretion are not limited. 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 trading behaviour associated with other types of securities. Any indication that Issuer and/or the AMMB Group 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.

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 and/or the AMMB Group's control. BNM may require or may cause a write-off in circumstances that are beyond the control of the Issuer and with which neither the Issuer nor the AMMB Group (as applicable) agree.

Subordinated Notes that include a loss absorption feature are complex financial instruments. A potential investor should not invest in such Subordinated Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of a write-down 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.

The Subordinated Notes may be permanently written off upon the occurrence of a Trigger Event

Pursuant to Condition 11, if a Trigger Event (as defined in Condition 11(a)) has occurred, the Issuer shall give an irrevocable notice to the Subordinated Noteholders and the Fiscal Agent, upon which the Issuer shall, as directed by the Relevant Malaysian Authority (as defined in Condition 11(a)), write-off, irrevocably and without the need for the consent of the Fiscal Agent or the Subordinated Noteholders, in whole or in part, the principal amount and any interest and other amounts owing under the Subordinated Notes.

Any Write-Off will be permanent and binding on all parties, and Subordinated Noteholders will have no further claim against the Issuer in respect of any amount of the Subordinated Notes subject to any Write Off. Consequently, there is a real risk that investors may lose all or part of their investment following the occurrence of a Trigger Event. To the extent that part of the principal amount, interest and (if applicable) any other amounts owing under any Subordinated Notes has been written off, interest will continue to accrue only on the then outstanding principal amount of the Subordinated Notes as reduced by such Write-Offs. Consequently, the amount of interest payable (if any) on the Subordinated Notes will be correspondingly smaller following any Write-Off. The occurrence of a Trigger Event or any suggestion of such an occurrence could materially adversely affect the rights of Subordinated Noteholders, the market value of the Subordinated Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

The terms of the Subordinated Notes may be varied without the consent of Subordinated Noteholders

Subject to applicable regulatory approvals, if a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of giving notice to redeem, without any requirement for the consent or approval of the Subordinated Noteholders, vary the terms of the Subordinated Notes solely in order that they remain or become Qualifying Securities.

"**Qualifying Securities**" means securities, whether debt, equity interests or otherwise, issued directly by the Issuer or guaranteed by the Issuer that:

- qualify (in whole or in part) as Tier 2 Capital Securities, or may be included (in whole or in part) in the calculation of the capital adequacy ratio, in each case of:
    - the Issuer, on a consolidated and unconsolidated basis; and
    - the AMMB Group, on a consolidated basis pursuant to the relevant requirements set out in the Capital Requirements;
- rank at least equal to that of the Subordinated Notes;
- bear interest at a rate no lower than the Subordinated Notes and have Interest Payment Dates falling on the same dates as the Subordinated Notes;
- have the same redemption rights as the Subordinated Notes;
- 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 immediately preceding the date of variation;
- if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the Subordinated Notes immediately prior to such variation; and
- are listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation.

While Qualifying Securities must have terms which maintain key aspects of the Subordinated Notes, there can be no assurance that the terms of the Qualifying Securities will not be materially less favourable to Noteholders than the Subordinated Notes or that the Qualifying Securities will be as favourable to all Noteholders in all circumstances.

There is no restriction on the amount or type of further securities or indebtedness which the Issuer may incur

The Issuer has the right in its absolute discretion to issue additional senior or equal ranking obligations which may rank ahead of or equally with Subordinated Notes. Any issue of other securities may affect the ability of a holder of Subordinated Notes to recover interest or the outstanding principal amount due to a holder of Subordinated Notes in a winding up. The Conditions do not contain any covenants preventing the Issuer from raising more debt or issuing other securities, requiring the Issuer to refrain from certain business changes, or requiring the Issuer to operate within certain ratio limits. It is difficult to anticipate the effect such debt or other issues of securities may have on the market price or liquidity of Subordinated Notes.

Considerations relating to the market generally

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

The secondary market generally

There is no existing market for any Notes and there can be no assurances that a secondary market for the Notes will develop, or if a secondary market for the Notes does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of any Notes may fluctuate. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's performance and the market for similar securities. No assurance can be given as to the liquidity of, or trading market for, any Notes and an investor in such Notes must be prepared to hold such Notes for an indefinite period of time or until their maturity. Application may be made for the listing of the Notes on SGX-ST but there can be no assurance that such listing will occur. Historically, the market for debt securities by South East Asian issuers has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for any Notes will not be subject to similar disruptions. Any such disruption may have an adverse effect on holders of such Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified in the applicable Pricing Supplement (the "**Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Currency. These include the risk that foreign exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (1) the Investor's Currency-equivalent interest on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable foreign exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. 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.

The market value of the Notes may fluctuate

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

Inflation risk

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

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- Notes are legal investments for it;
- Notes can be used as collateral for various types of borrowing; and
- other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Considerations relating to Renminbi-Denominated Notes

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

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

Renminbi is not completely freely convertible at present. The government of the PRC (the "**PRC government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Currently, participating banks in Hong Kong and a number of other jurisdictions (the "**Applicable Jurisdictions**") have been permitted to engage in the settlement of current account trade transactions in Renminbi.

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

Although since 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("**PBOC**") in 2018, there is no assurance that the PRC government will continue gradually to liberalise control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. 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 Notes denominated in Renminbi.

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

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. PBOC has established a Renminbi clearing and settlement mechanism for participating banks in the Applicable Jurisdictions through settlement agreements with certain banks (each a "**Renminbi Clearing Bank**") to act as the RMB clearing bank in the Applicable Jurisdictions. Notwithstanding these 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 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 RMB Notes. To the extent that the Issuer or the Relevant Guarantor is required to source Renminbi in the offshore market to service its RMB

Notes, there is no assurance that the Issuer and the Relevant Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in RMB 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, PBOC implemented changes to the way it calculates the Renminbi's daily midpoint against the U.S. dollar to take into account market-maker quotes before announcing such daily midpoint. 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 RMB 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 RMB Notes in that foreign currency will decline.

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

All payments to investors in respect of RMB Notes will be made solely:

- when RMB Notes are represented by global certificates, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures; or

- when RMB Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations.

The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

DESCRIPTION OF THE GROUP

Overview

The Bank offers a wide range of conventional financial services and banking products in the retail banking, business banking and transaction management areas.

As at 30 June 2018, the Bank and the Group had:

- RM98,639.7 million (U.S.$24,415.8 million) and RM98,678.9 million (U.S.$24,425.5 million) in total assets, respectively;
- RM68,632.5 million (U.S.$16,988.2 million) and RM68,700.0 million (U.S.$17,005.0 million) in loans and advances, respectively;
- RM70,775.6 million (U.S.$17,518.7 million) and RM70,770.2 million (U.S.$17,517.4 million) in customer deposits, respectively; and
- RM8,972.4 million (U.S.$2,220.9 million) and RM9,014.7 million (U.S.$2,231.4 million) in total equity, respectively.

As at 31 March 2018, the Bank's operations are divided into three business segments:

- the Retail Banking segment;
- the Wholesale Banking segment (comprising the Corporate and Commercial Banking, Global Markets and Capital Markets and Private Banking businesses of the Group); and
- the Group Funding and others segment.

With effect from 30 June 2018, the Bank began to report its Business Banking segment as a separate segment from the Wholesale Banking segment (where such Business Banking segment was formerly a part of the Corporate and Commercial Banking business of the Group).

As at 30 June 2018, 27.6 per cent. of the Group's net profits are derived from its Retail Banking segment.

AMMB Holdings controls 100.0 per cent. of the share capital of the Bank. AMMB Holdings and its subsidiaries taken as a whole (the "**AMMB Group**"), was the sixth largest financial services group in Malaysia in terms of consolidated total assets as at 30 June 2018.

As at 30 June 2018, the Bank had issued and paid-up share capital of RM1,940,464,553 (U.S.$480,313,008) divided into 836,852,786 ordinary shares.

History

The Group traces its history back to the incorporation of The Malaysia Industrial Finance Corporation Limited ("**MIFCL**") in Malaysia in 1964. MIFCL was renamed Arab-Malaysian Finance Berhad ("**AMFB**") in 1977 following the acquisition of a 70.0 per cent. stake in AMFB by AMMB Holdings. In 1982, AMFB became a wholly-owned subsidiary of AMMB Holdings.

In 1990, AMFB acquired First Malaysia Finance Berhad under a rescue scheme approved by the Ministry of Finance of Malaysia. AMFB was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) in 1992, with AMMB Holdings retaining a 65.0 per cent. shareholding in AMFB.

In December 2001, AMFB acquired the entire share capital of MBf Finance. MBf Finance was subsequently renamed AmFinance Berhad ("**AmFinance**"). AMFB transferred all of its assets and liabilities to AmFinance on 15 June 2002. Following this transfer, AMFB was transformed into an investment holding company. This restructuring created Malaysia's then largest finance company in terms of assets and branch network, in line with the consolidation objectives of the Financial Sector Master Plan issued by Bank Negara Malaysia ("**BNM**") at that time.

The Banking and Financial Institutions (Amendment) Act 2003 came into effect on 15 January 2004 which allowed for the creation of a new banking entity through the merger of the commercial banking business and finance company business within the same banking group (called a "**banking and finance company**" or "**BAFIN**"). To take advantage of this regulatory liberalisation, AMFB was privatised and it became a wholly-owned subsidiary of AMMB Holdings, and was delisted from Bursa Malaysia in March 2005. AmFinance acquired all of the shares of its affiliate, AmBank Berhad ("**AMBB**"), on 1 June 2005. Subsequently, as part of an internal reorganisation, the commercial banking business and assets and liabilities of AMBB were merged into AmFinance pursuant to a High Court Vesting Order issued under section 50 of the Banking and Financial Institutions Act 1989, and AmFinance adopted its present name, AmBank (M) Berhad. Following the transfer of its commercial banking business into AmFinance, AMBB surrendered its commercial banking licence, and was renamed as AMBB Capital Berhad ("**AMBB Capital**"). As a result of the merger, the Bank is licensed as a composite commercial banking and finance company under the Banking and Financial Institutions Act.

On 1 May 2006, further to the Government's initiatives to promote Malaysia as an Islamic financial centre, and the requirement for Malaysian banking groups to undertake Islamic financial services activities through a separate legal entity, the Islamic banking business activities of the Group were transferred into AMBB Capital, and AMBB Capital was later renamed AmIslamic Bank Berhad and subsequently rebranded as AmBank Islamic Berhad ("**AmBank Islamic**") in 2015.

On 26 April 2007, AMMB Holdings obtained the approval of its shareholders at an Extraordinary General Meeting of its proposed partnership with Australia and New Zealand Banking Group ("**ANZ**") by way of ANZ's equity participation in the AMMB Group. As at 30 June 2018, ANZ had an effective shareholding of 23.78 per cent. in AMMB Holdings and was the single largest shareholder of AMMB Holdings.

On 12 April 2008, as part of an AMMB Group restructuring process, AmInvestment Bank Berhad's ("**AmInvestment Bank**") fund-based business was transferred to the Bank (with respect to its non-Islamic banking business) and to AmBank Islamic (with respect to its Islamic banking business). AmInvestment Bank's 100.0 per cent. owned offshore bank subsidiary, AmInternational (L) Ltd ("**AMIL**") was also transferred to the Bank by way of share transfer.

On 25 March 2010, the Bank issued RM1.4 billion (U.S.$0.5 billion) Senior Notes under its newly established 30-year RM7 billion (U.S.$2.3 billion) Senior Notes Issuance Programme, the first issue of senior notes by a financial institution in Malaysia.

On 3 December 2012, AMMB Holdings completed its acquisition of MBF Cards (Malaysia) Sdn. Bhd. ("**MBF Cards**"). The transaction involved the acquisition of MBF Cards' card issuing and merchant acquiring businesses under Visa, MasterCard, Japan Credit Bureau and China Union Pay licences, bill payments and MBF Cards' ownership of 33.3 per cent. in Bonuskad Loyalty Sdn Bhd. The AMMB Group transferred MBF Cards' assets to the Group with effect from 1 July 2013.

On 16 December 2013, the Bank established a subordinated notes programme for the issuance of tier 2 subordinated notes of up to RM4.0 billion in nominal value. On 1 July 2017, the Bank launched its mobile application terminal, which allows users to submit auto finance loan applications to obtain immediate approval within 30 minutes upon meeting required conditions.

Recent Developments

On 23 November 2015, AMMB Holdings Berhad announced that it had agreed to pay a penalty of RM 53.7 million to BNM. The penalty pertained to action pursuant to section 234 of the Financial Services Act 2013 and section 245 of the Islamic Financial Services Act 2013 with respect to non-compliance with certain regulations by AmBank (M) Berhad and AmBank Islamic Berhad, respectively, relating to certain weaknesses in AMMB Group's reporting systems and processes. At that time AMMB Group also announced that it had commenced its own review and had been co-operating with BNM with regard to such matter, including providing information to BNM.

The review also led to the implementation of a broader AMMB Group compliance transformation programme (the "**Transformation Programme**"), which was intended to strengthen AMMB Group's governance structure.

Details of the Transformation Programme are as follows:

- *Phase 1* – analysis of AMMB Group's then-existing compliance structure, and development of a transformation programme with measures to strengthen its anti-money laundering and counter-terrorism financing ("**AML/CTF**") processes and systems;
- *Phase 2* – implementation of the redesigned and enhanced AML/CTF processes and systems, which included the launch by AMMB Group of an enhanced Code of Conduct in December 2017 and an enhanced compliance training programme for AMMB Group staff members. AMMB Group also invested in upgrades to its AML/CFT transactions monitoring system, "Know Your Customer" ("**KYC**") risk rating modules and data quality management, and redesigned and enhanced its processes and systems in line with global best practices to improve its ability to mitigate AML/CFT risks;
- *Phase 3* – review and validation of effectiveness of new AML/CTF processes and systems. The final phase is expected to continue for a period of two years, during which AMMB Group will submit periodic reports to BNM on the continued implementation of its compliance processes.

As at the date of this Offering Circular, AMMB Group has completed Phase 1 and Phase 2 of the Transformation Programme and will continue to further strengthen its compliance processes in the third and final phase of the Transformation Programme. See also "Risk Management" below for more details on the Group's risk management processes. AMMB Group has also worked with an independent internationally renowned consulting firm which performed a root cause analysis and assisted with the implementation of the Transformation Programme and is working with a second, separate independent internationally renowned consulting firm to validate the implementation work done.

The Group is not currently under investigation by the BNM or any other government regulator or entity in relation to suspicious transaction reporting or breaches of anti-money laundering or KYC rules and regulations.

Recent Awards

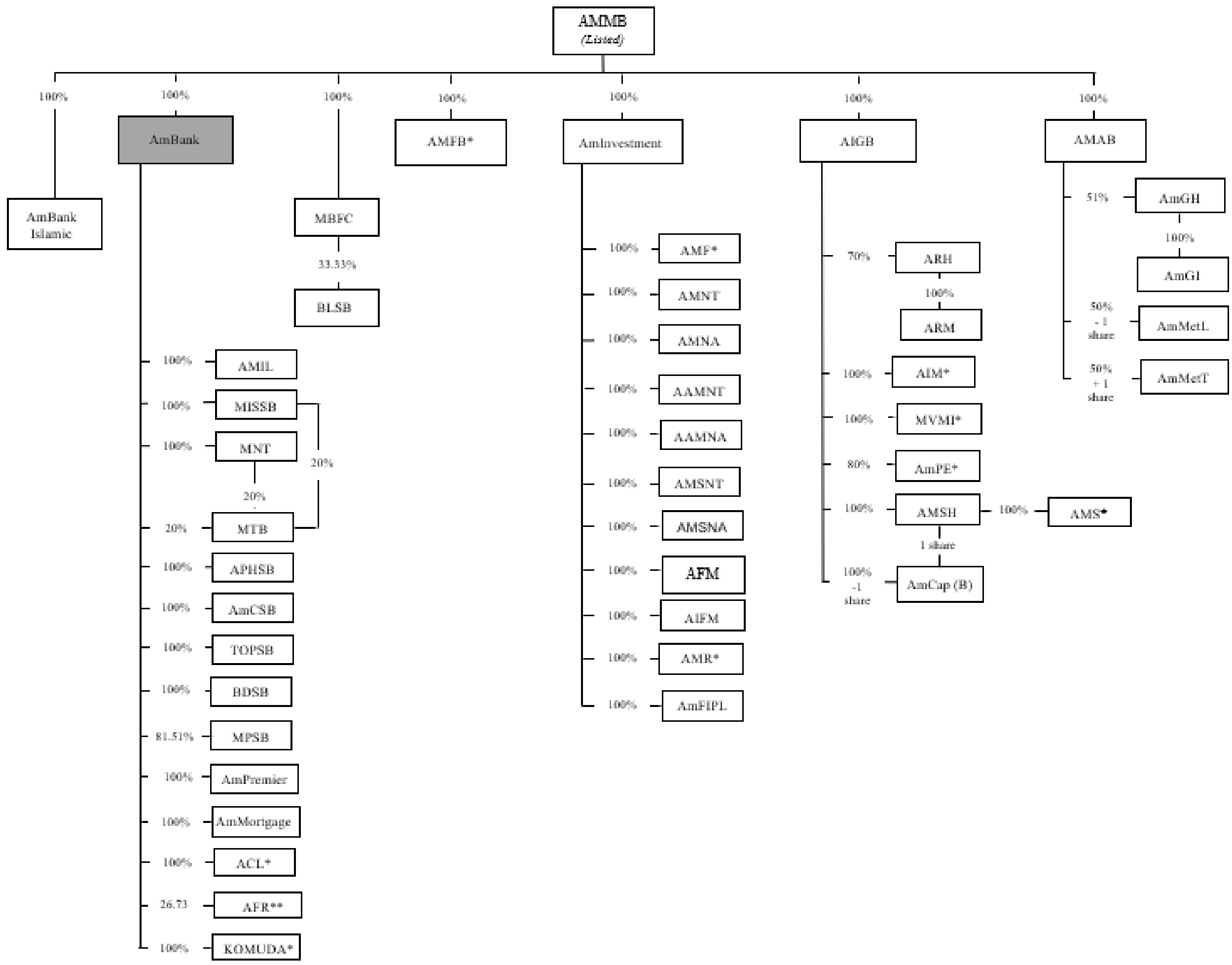
The AMMB Group and the Group consistently receives awards and accolades across its businesses and operations. Recent examples include:

- Project Finance House of the Year, Malaysia for the 4th consecutive year, Power Deal of the Year, Social Infrastructure Deal of the Year, Transport Deal of the Year and Oil & Gas Deal of the Year (*The Asset Triple A Asia Infrastructure Awards 2018*)
- Best Loan Adviser, Malaysia, Best Government-Guaranteed Sukuk, Best Corporate Sukuk, Best New Sukuk and Best Project Finance Deal (*The Asset Triple A Islamic Finance Awards 2018*)
- Asia's Best CFO, Investor Relations (Corporate Governance Asia's 8th Asian Excellence Awards 2018)
- Best Investor Relations Company (Corporate Governance Asia's 8th Asian Excellence Awards 2018)
- Best ETF Provider, Malaysia (3rd consecutive year) (The Asset Triple A Private Banking, Wealth Management, Investment and ETF Awards 2018)

- Best Asset & Fund Manager, Malaysia (Alpha Southeast Asia's 12th Annual Best Financial Institutions Awards 2018)
- Best Investment Management Company, Malaysia (6th Consecutive Year) (*World Finance Investment Management Awards 2018*)
- Outstanding Contribution to JomPAY and Outstanding Contribution to MyDebit (second consecutive year respectively) (*Malaysian e-Payments Excellence Awards 2018*)
- Lead Manager Award 2017 (Best Investor Relations Banking Group Malaysia 2017) (*Global Banking & Finance Review Awards 2017*)
- Most Improved Investor Relations (Alpha Southeast Asia's 7th Annual Institutional Investor Awards for Corporates 2017)
- Most Organised Investor Relations – Top 3 placing (Alpha Southeast Asia's 7th Annual Institutional Investor Awards for Corporates 2017)
- Strongest Adherence to Corporate Governance – Top 3 placing (Alpha Southeast Asia's 7th Annual Institutional Investor Awards for Corporates 2017)
- Most Consistent Dividend Policy – Top 3 placing (Alpha Southeast Asia's 7th Annual Institutional Investor Awards for Corporates 2017)
- Best FX (foreign exchange) Bank for Corporates and Financial Institutions for the 6th consecutive year *(11th Annual Alpha Southeast Asia Best Financial Institution Awards and Seventh Corporate Awards 2017)*
- "Best Co-Branded Credit Card" and "Best Travel Reward Credit Card" (Travel Points Credit Card without Annual Fee) (AmBank BonusLink Visa Card) (*CMO Asia Smart Card and e-Payment Awards 2017*)
- Best Sukuk House of the Year 2017 (AmInvestment Bank Bhd) (*Seventh Global Islamic Finance Awards 2017*)

Simplified AMMB Group Corporate Structure Chart

The following chart shows the relationship between AMMB Holdings, the Bank and its subsidiaries as at the date of this Offering Circular:



Notes:

1. *In members' voluntary winding-up
2. **Equity account companies with more than 20.0 per cent. shareholding are accounted in this corporate structure

Legend

AMMB	AMMB Holdings Berhad
AMFB	AMFB Holdings Berhad
AmBank Islamic........	AmBank Islamic Berhad (*formerly known as AmIslamic Bank Berhad*)
AmBank	AmBank (M) Berhad
AMIL	AmLabuan Holdings (L) Ltd (*formerly known as AmInternational (L) Ltd*)
AmCSB	AmCard Services Berhad (*formerly known as Arab-Malaysian Credit Berhad*)
AmPremier	AmPremier Capital Berhad
AmMortgage	AmMortgage One Berhad
MTB	MBf Trustees Berhad
MNT	MBf Nominees (Tempatan) Sdn Bhd

MISSB......................	MBf Information Services Sdn Bhd
APHSB.....................	AmProperty Holdings Sdn Bhd
BDSB	Bougainvillaea Development Sdn Bhd
MPSB	Malco Properties Sdn Bhd
TOPSB	Teras Oak Pembangunan Sendirian Berhad
ATSL	AmTrade Services Limited
ACL..........................	AMBB Capital (L) Ltd.
KOMUDA................	Komuda Credit & Leasing Sdn Bhd
AFR..........................	AmFirst Real Estate Investment Trust
AmInvestment..........	AmInvestment Bank Berhad
AMF	AmFutures Sdn Bhd
AFM	AmFunds Management Berhad (*formerly known as AmInvestment Services Berhad*)
AIFM........................	AmIslamic Funds Management Sdn Bhd
AMNT	AMMB Nominees (Tempatan) Sdn Bhd
AMNA	AMMB Nominees (Asing) Sdn Bhd
AAMNT	AM Nominees (Tempatan) Sdn Bhd
AAMNA...................	AM Nominees (Asing) Sdn Bhd
AMSNT....................	AMSEC Nominees (Tempatan) Sdn Bhd
AMSNA	AMSEC Nominees (Asing) Sdn Bhd
AmFIPL....................	AmFraser International Pte Ltd
AMR.........................	AmResearch Sdn Bhd
AIGB........................	AmInvestment Group Berhad
AmCap (B)	AmCapital (B) Sdn Bhd
ARH	AmREIT Holdings Sdn Bhd (*formerly known as Am ARA REIT Holdings Sdn Bhd*)
ARM.........................	AmREIT Managers Sdn Bhd (*formerly known as Am ARA REIT Managers Sdn Bhd*)
AMSH	AmSecurities Holding Sdn Bhd
ASHK.......................	AmSecurities (HK) Limited
AIM	AmInvestment Management Sdn Bhd
AmPE	AmPrivate Equity Sdn Bhd
AMS	AMSEC Holdings Sdn Bhd
MVMI	Malaysian Ventures Management Incorporated Sdn Bhd
AMAB......................	AMAB Holdings Sdn Bhd
AmGH	AmGeneral Holdings Berhad (*formerly known as AmG Insurance Berhad*)

AmGI	AmGeneral Insurance Berhad (*formerly known as Kurnia Insurans Malaysia Berhad*)
AmMetL	AmMetLife Insurance Berhad (*formerly known as AmLife Insurance Berhad*)
AmMetT	AmMetLife Takaful Berhad (*formerly known as AmFamily Takaful Berhad*)
MBFC	MBF Cards (M'sia) Sdn Bhd
BLSB	Bonuskad Loyalty Sdn Bhd

Competitive Strengths

The Group's principal competitive strengths are as follows:

- ***Strategic partnership with an international banking and financial services group***

  The strategic partnership with ANZ enables the Group to leverage off ANZ's international banking and financial services capabilities and experience by collaborating in various enhancement areas including risk management, retail and small and medium enterprise ("**SME**") banking, product innovation, branding, IT infrastructure, training and development of human resources. This has resulted, and continues to result, in the following benefits:

  (i) *Risk Management Framework*: improvements of credit risk management systems, knowledge transfer on the implementation of regulatory capital requirements and enhancement of financial discipline.

  (ii) *Retail and SME Banking*: enhancements in the Group's credit card business (designed to capture a larger share of the fast-growing Malaysian credit card market), its deposit-raising strategies, its mortgages business and its branch services.

  (iii) *Product Innovation*: product enhancement and innovation as well as cross-selling activities via the Group's existing franchise and distribution channels.

  (iv) *Branding*: a unique selling point for the Group to position itself as a domestic bank with a significant foreign shareholding, further strengthening its brand equity.

  (v) *IT Infrastructure and other Operations*: enhancement of the Group's existing IT infrastructure (including its internal auditing and reporting systems) and exposure to highly automated banking processes and centralised back office operations.

  (vi) *Training and Development*: implementation of international service standards through staff secondment and training to enhance the overall quality of its human resources.

  (vii) *Regional Presence and Cross-Border Transactions*: access to a wider international network for remittance and trade finance operations.

- ***Extensive and diversified distribution network***

  As at 30 June 2018, the Group operated 174 branches (including one sales & service kiosk) throughout Malaysia. As at 30 June 2018, the Group had 763 automated teller machines ("**ATMs**"), 292 cash deposit machines ("**CDMs**"), 211 cheque deposit machines ("**CQMs**") and 182 self-service Electronic Banking

Centres ("**EBCs**") in Malaysia. Besides its network of dedicated nationwide marketing officers and personal bankers, the Group also leverages the sales agents across the AMMB Group.

In addition, the Group initiated the weekend banking and extended-hour banking concepts in Malaysia, and offers internet and mobile banking facilities, through its "AmOnline" channel, to all of its customers. AmOnline is an internet and mobile banking platform for retail customers. Since its launch in April 2018, the platform has attracted 500,000 users and maintained an average of 1,400 sign-ups daily since the launch. After going through a technological upgrade, AmOnline now offers trilingual language options available in Malaysia as well as easier navigational design, as well as an online chatbot. The Group continues to invest in AmOnline, with upcoming AmOnline services to include more Credit Card Services, online auto-insurance applications and renewal, as well as wealth management options allowing customers to invest in unit trusts.

- ***Extensive and diversified retail banking business***

  The Group has a well-established retail franchise and offers a diversified range of retail banking products and services covering six principal areas:

  (i) auto finance;

  (ii) mortgages, margin financing and other consumer loans;

  (iii) credit cards and line of credit;

  (iv) asset financing and small business (including leasing and equipment financing);

  (v) transactional banking, bancassurance and wealth management (including investment products and insurance products); and

  (vi) deposits (including savings accounts, demand deposits, fixed term deposits, the "AmBank-ANZ Get Set" product and the "AmBank@Work" product (the Group's employer and employee focused banking solution)).

  This range provides the Group with an extensive retail customer base. As at 31 March 2018, the Group's retail assets were RM41.5 billion (U.S.$10.8 billion).

- ***Leading market position in key products***

  The Group is one of the largest providers of hire purchase financing in Malaysia, with a market share of approximately 12.7 per cent. as at 31 March 2018, and currently has relationships with over 2,000 auto dealers in Malaysia. These relationships provide an extensive distribution network for the Group's hire purchase products.

- ***Ability to provide and cross-sell a wide range of products and services***

  As part of the AMMB Group, the Group is able to leverage a groupwide sales force to assist it in offering a wide range of products and services provided by other members of the AMMB Group, making it a "one-stop" financial centre for customers. At the Group's branches, customers can purchase, for example, unit trust funds (which the Group cross-sells with AmInvestment Group Berhad), insurance products (which the Group cross-sells with AmLife Insurance Berhad and AmGeneral Insurance Berhad) and securities trading services offered by other members of the AMMB Group.

- ***Strategic partnerships***

  The Group has strategic partnerships in place which give it a competitive advantage in providing financing services by enabling it to expand its business network. The Group offers co-branded cards with its strategic partner, BonusLink. In addition, the Group has entered into strategic tie-ups with merchants such as Berjaya Starbucks Coffee Company Sdn. Bhd., Chevron Malaysia Ltd., TGV Cinemas Sdn Bhd. and Hilton Hotels to enhance value proposition to its credit card customers. The Group also has partnerships with Travelex and Western Union through which it offers foreign currency, remittances and other related products and services.

Strategy

The Group's principal strategies, which are aligned with AMMB Group's key strategic agenda, are as follows:

- ***Increase market share in fast-growing, under-served segments***

  The Group plans to capture opportunities in the domestic market by building a business that delivers sustainable return and growth which in turn creates significant value creation for its stakeholders. In order to do so, the Group aims to increase its income by increasing its market share in fast-growing, under-served segments, such as the SMEs, mid-corp, mass affluent and affluent segments. The Group strives to be one of the market leaders in each of these segments by focusing on products, segments and people. In order to achieve this, the Group has set up clear segmentation separating the lines of businesses and conducts monthly monitoring of strategies deployed. There are dedicated relationship managers serving each segment.

- ***Accelerate organic growth by attaining market leadership in key products***

  The Group plans to build up its Transaction Banking and Treasury and Markets Divisions.

  In the Transaction Banking Division, the Group has introduced virtual accounts, JomPay and electronic invoicing presentment and payment, in order to increase the number of main operating accounts with the Bank, which would in turn encourage growth in deposits as well as customer base. In addition, the Group targets to increase balances in current account and savings accounts ("**CASA**") through the provision of collection and payment solutions, as well as increase in the utilisation of 'e-Ambiz, an online banking platform for businesses to perform online transactions.

  The Group Treasury & Markets Division is aiming to leverage on the customer base and CASA balances of the business banking, wholesale banking and retail banking segments to cross-sell foreign exchange products and to drive more foreign exchange volume through campaigns.

  The Group also plans to build an integrated cards and merchant ecosystem to encourage strategic partnerships. Among the initiatives implemented by the Group are a merchant portal with 'same-day settlement' functions, collaboration with partners such as WeChat and Digi to increase merchant transaction and volume, as well as an ongoing customer loyalty program with Bonuslink.

- ***Build scale in specialist businesses***

  The Group's intends to leverage the AMMB Group's strategic partnerships to further enhance development of new products and services and to take advantage of cross-border opportunities through its expanded distribution capabilities. The AMMB Group will consider entering into other strategic partnerships on an ongoing basis and the Group plans to capitalise on beneficial opportunities as and when they may arise.

- ***Set up infrastructure required for success***

  The demand for convenience in the form of digital services has grown exponentially over the past few years and the Group aims to be at the forefront of banking technology. The Group's target is to make banking a simple and easy process that can be completed within seconds. In July 2017, AMMB Group launched Malaysia's first mobile app for auto finance, Mobile Application Terminal ("**MAT**"), which allows approval of auto finance loans within 30 minutes. By 31 March 2018, the MAT received 8,000 hire purchase applications.

Aside from digital transformation, the Group also plans to continue to develop and strengthen its organisational infrastructure by focusing on people, talent and culture to maximise technology efficiencies and minimise duplication of processes. On workforce and organisation capacity, the Group have re-grouped certain functions to eliminate duplication, automation has been put in place to make lean certain organisation areas, and resize capacity. The Group is in the midst of reviewing our span and layers to ensure it is operating at an optimal level post MSS.

On the talent front, the Group continues to champion talent development and grooming through the Talent Council programme, development of fresh graduates through the AmGraduate Programme, as well as leadership programmes in collaboration with INSEAD. The 'Being a Talented Manager' or 'BATMAN' programme was launched in August 2017, which targets the Bank's Assistant Managers and Managers. The 'Emerging Leader Programme' was launched in September 2017 for Senior Managers and Vice Presidents. In addition, the 'Leadership Enhancement and Acceleration Programme' was launched with 23 Senior Vice Presidents & Vice Presidents in October 2017.

The Group's theme in 2018 is also to increase engagement within the Group. To this end, the Group launched AmGames 2018, bringing 1,500 AmBank participants together across Malaysia. Participants from nine contingents participated in various sports activities and games.

- ***Optimise capital***

  The Group targets optimum returns on capital by proactively managing capital in accordance with evolving regulatory requirements and AMMB Group policies while simultaneously evaluating business opportunities on a risk-adjusted basis.

The Group's Businesses

As of 31 March 2018, the Group's operations were divided into three business segments:

- the Retail Banking segment;
- the Wholesale Banking segment (comprising the Corporate and Commercial Banking, Global Markets and Capital Markets and Private Banking businesses of the Group); and
- the Group funding and others segment.

The following table sets out the revenue and net profit contributions of the Group's business divisions as a percentage of the Group's consolidated total revenue and consolidated net profit as at 31 March 2018. The contributions of the Transaction Banking Division are captured within the contributions of the Corporate and Commercial Banking segments:

	As at 31 March 2018		
	(RM'000)	*(U.S.$ '000)*	*(% of consolidated Group total)*
Operating Revenue:			
Retail Banking	1,982,214	513,527	40
Wholesale Banking	2,209,415	572,387	45
Corporate and commercial banking	887,669	229,966	18
Global Markets	1,270,963	329,265	26

	As at 31 March 2018		
	(RM'000)	*(U.S.$ '000)*	*(% of consolidated Group total)*
Capital Markets and Private Banking	50,783	13,156	1
Group funding and others	714,621	185,135	15
Total	**4,906,250**	**1,271,049**	**100**
Profit for the financial year:			
Retail Banking	277,269	71,831	39
Wholesale Banking	528,889	137,018	74
Corporate and commercial banking	378,663	98,099	53
Global Markets	126,305	32,723	18
Capital Markets and Private Banking	23,921	6,197	3
Group funding and others	(96,917)	(25,108)	(13)
Total	**709,241**	**183,742**	**100**

With effect from 30 June 2018, the Group began to report its Business Banking segment as a separate segment from the Wholesale Banking segment (where such Business Banking segment was formerly a part of the Corporate and Commercial Banking business of the Group).

The Group's Retail Banking segment offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

The Group's Wholesale Banking segment comprises the following:

- Corporate and Commercial Banking – offering a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients.
- Global Markets – providing proprietary trading services as well as full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants. It also offers customised investment solutions for customers.
- Capital Markets and Private Banking – focused on providing integrated financing solutions to the Group's corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which includes corporate bond issuances, loan syndication, structured finance, capital and project advisory services and primary syndication and underwriting services. Private Banking primarily services high net worth clients and offers financing and deposit products.

The Group's Group Funding and others segment comprises activities to maintain the liquidity of the Group, as well as support operations of the Group's main business units and non-core operations of the Group.

Retail Banking

The Group's Retail Banking segment offers, among others, the following services and products:

- auto finance;
- mortgages and other personal loans;
- credit cards;
- small business loans;

- priority banking services;
- wealth management; and
- deposits.

As at 31 March 2018, the Retail Banking segment accounted for 39.1 per cent. of the Group's consolidated net profits and served approximately 2.5 million customer accounts through its extensive distribution network of branches, ATMs, CDMs, CQMs, EBCs, a 24-hour customer contact centre, mobile banking and internet banking services. The Group's retail assets (defined as loans to individuals for purchase of transport vehicles, purchase of residential properties and credit cards receivables) were RM41.5 billion (U.S.$10.8 billion) as at 31 March 2018, an increase of 13.1 per cent. compared with the previous financial year due to growth in loans and advances, particularly mortgages and small business loans.

During the year ended 31 March 2018, Retail Banking segment revenues totaled RM1,982.2 million (U.S.$513.5 million), an increase of 5.5 per cent. compared with the previous financial year, primarily as a result of fair value gain of RM42.6 million from Malaysia Electronic Payment System shares swap for Payment Network Malaysia Sdn Bhd shares, higher fee income from wealth business and higher volume impact from mortgages, partially offset by margin compression.

During the year ended 31 March 2018, net loans and advances provided by the Retail Banking segment totaled RM40.5 billion (U.S.$10.5 billion), an increase of 13.5 per cent. compared with the previous financial year.

The Group consistently benchmarks itself against the world's best banking practices and reviews and rewards branches that excel in customer service. In addition, the Group carries out its operations under a 'sales and service centres' model to integrate its bancassurance and branch network to improve performance and efficiency and to focus on both sales and service at all branches. Personal banking officers have also been placed at branches to offer the full range of retail banking products.

Auto finance

As at 31 March 2018, the Group had RM12.3 billion (U.S.$3.2 billion) in loans outstanding in the purchase of transport vehicles sector, representing a market share of approximately 12.7 per cent. (according to official BNM statistics). In addition, the financing of transport vehicles represented 18.1 per cent. of the Group's total loan portfolio as at 31 March 2018.

The following table sets out the Group's vehicle financing portfolio as at the dates indicated.

	As at 31 March			
	2016	**2017**	**2018**	
	(RM'000)	*(RM'000)*	*(RM'000)*	*(U.S.$ '000)*
Loans for purchase of transport vehicle..........	12,163,337	12,274,723	12,327,254	3,193,589

The Group has historically focused on financing for new cars. As at 31 March 2018, financing for new cars represented 74.0 per cent. of the Group's auto finance portfolio. The Group has established relationships with over 2,000 new, used and reconditioned vehicle dealers in Malaysia. The Group provides financing for vehicles through a wide range of car manufacturers and distributors, including amongst others, Honda Malaysia Sdn. Bhd., Mercedes-Benz Malaysia, Naza Group of Companies, Perodua Sales Sdn. Bhd., Proton Edar Sdn. Bhd., the Sime Darby Automotive Group and UMW Toyota Motor Sdn. Bhd.

Hire purchase financing can be offered on a fixed or floating rate basis, generally secured by the vehicle being purchased and typically has a term of three to seven years (with a maximum of nine years).

The Group employs an automated credit scoring system as part of its ongoing efforts to improve credit risk management. In addition, it aims to continuously improve its risk management scorecards and credit scoring capabilities to offer customers differential interest rates according to their credit profile.

The Group continues to reinforce its presence in the vehicle financing market through marketing initiatives, participation in roadshows and sales promotions with vehicle distributors and dealers throughout Malaysia.

As part of the efforts to improve the overall profitability of the hire purchase financing business, the Group has engaged a consulting firm to review the overall business model for its vehicle financing business. The review identified profitable and loss-making segments, as a result of which, action plans were drawn up to strengthen the profitability of the Group's hire purchase financing business. The key recommendations included concentrating growth in the profitable segments, exiting the worst loss-making segments, improving the credit scoring model, restructuring roles and responsibilities and target setting units, executing cost targets, introducing new pricing models and decision governance structures. As at the date of this Offering Circular, these key recommendations have been implemented.

In November 2017, the Group launched the first digital instant approval service for auto finance in Malaysia. The instant approval service is offered through the MAT, which allows users to submit loan applications, capture documents' images, and obtain approval for financing within 30 minutes at preferred dealer locations if all required conditions are met.

Mortgages and Personal Loans

In the residential mortgages segment, the Group had an approximate 5.5 per cent. market share as at 31 March 2018 with loan assets of RM21.5 billion (U.S.$5.6 billion), based on official statistics published by BNM. As at 31 March 2018, the financing of residential mortgages represented approximately 31.7 per cent. of the Group's total loan portfolio.

The table below sets out the Group's residential property financing portfolio as at the dates indicated.

	As at 31 March			
	2016	**2017**	**2018**	
	(RM'000)	*(RM'000)*	*(RM'000)*	*(U.S.$ '000)*
Loans for purchase of residential properties	15,454,634	18,274,251	21,523,361	5,576,000

The Group's residential property loans normally have terms of between 15 and 30 years, with a maximum tenor of 35 years. Residential property loans are typically variable rate for the life of the loan, and are secured by a registered charge on the property being financed. Interest on residential property loans is calculated either on a daily or monthly basis.

The Group's marketing activities in relation to mortgages and personal loans include product-bundling initiatives and active participation in sales launches and major property expositions, such as the Malaysia Property Expo (MAPEX, which is organised annually by the Real Estate and Housing Developers' Association in Malaysia).

Credit Cards

As at 31 March 2018, the Group had a total of 340,000 credit cards in circulation. The credit card business' total loan receivables as at 31 March 2018 amounted to RM1.6 billion (U.S.$0.4 billion).

Revenues from the Group's credit card business consist principally of income generated by the card-issuing aspect of its business, including finance charges on outstanding balances, late payment charges, cash advance fees, interchange fees and annual fees. Besides that, the Group also generates significant fee revenue (in the form of merchant discount revenue and terminal rental charges) from the full range of card acceptance facilities that it offers to over 53,000 merchants across Malaysia, covering branded cards issued under the "Mastercard", "Visa" and "MEPS" brands.

The Group offers co-branded cards with a number of strategic partners. It has also entered into strategic tie-ups with merchants such as Berjaya Starbucks Coffee Company Sdn. Bhd., Chevron Malaysia Ltd., TGV Cinemas Sdn Bhd, and Hilton Hotels.

The Group also offers the "Signature", "World" and "Infinite" credit cards which are designed to cater for the affluent and high net worth customers.

The Group issues "Mastercard" and "Visa" compliant chip-based credit cards. The Group employs a card management system, called CardPro, to support the card issuance and acquisition businesses.

Priority banking services

The Group's priority banking services are operated under the AmBank SIGNATURE Priority brand. Each priority banking customer will be assigned to a dedicated relationship manager to assist with reviewing of investment portfolios, and will have access to a Service Manager or a Branch Manager should any assistance be required, along with other exclusive privileges. Through AmBank SIGNATURE Priority Banking, the Group provides customers with day-to-day banking convenience as well as tailored wealth solutions.

Wealth Management

In addition to cross-selling deposits and demand deposits under transactional banking and lending products, such as mortgages, auto finance and micro loans, the Group's Retail Banking segment offers Wealth Management services to customers, providing access to investment products such as fixed income and equity unit trusts, insurance products (such as mortgage reducing term assurance, life, general and auto insurance) and other bancassurance products. Such investment and insurance products are substantially sourced from within the AMMB Group.

To expand its marketing and distribution of unit trust products in the industry, the Group partners with third party funds management companies and other leading mutual fund companies which act as sales agents for its unit trust funds. The Group employs sales representatives at its major branches to strengthen its sales platform and its focus on promoting the entire range of its consumer sales products.

Deposits

The various deposit products offered by the Retail Banking segment include savings accounts, current accounts, fixed deposit accounts, foreign currency accounts, and term deposits.

The Group provides a range of financial solutions to cater to the needs of customers and their families. For example, "AmBank-ANZ Get Set" is a product primarily aimed at Group customers with children studying in Australia, and enables customers to open an ANZ account in Australia by completing most of the formalities at a local Group branch in Malaysia. Leveraging on the back of the Group's "Foreign Currency Current Account" product, the product provides for funds to be available in Australia prior to leaving Malaysia. As part of the "AmBank-ANZ Get Set" solution, and subject to satisfaction of certain conditions, Group customers may enjoy reduced remittance fees, preferential foreign exchange rates, e-remittance services and bonus credit card points.

The Group's "AmBank@Work" product which is designed to offer comprehensive banking solutions to both employer and employee, including payroll and cash management services. Upon the opening of a salary crediting deposit account, the customer is offered special fee savings, bonus interest and rewards, plus full access to the Group's extensive branch network and electronic banking services. In addition, such customers benefit from special rates for automobile and home financing, investment in equity funds offered by the AMMB

Group fund management division, AmInvest and premiums for the Group's comprehensive personal accident policy.

Small Business loans

The Group provides financial solutions which are focused on equipment and working capital financing, as well as providing multi-trade facilities to SMEs. These financial solutions include industrial hire purchase solutions, loans funded by BNM, loans backed by Credit Guarantee Corporation Malaysia Berhad ("**CGC**"), business property loans, block discounting and overdrafts.

As at 31 March 2018, the Group's gross Small Business loans portfolio amounted to RM1.5 billion (U.S.$0.4 billion).

Besides providing loans, there is collaboration across the Group to service customer needs in the areas of foreign currency exchange, insurance, remittances, merchant acquiring business and priority banking services.

Wholesale Banking

The Group's Wholesale Banking segment comprises Corporate and Commercial Banking, Global Markets and Capital Markets and Private Banking businesses of the Group.

Corporate and Commercial Banking

The Group provides wholesale banking services for large corporate and institutional customers and offers a wide spectrum of commercial banking and investment banking products and services.

As at 31 March 2018, the Corporate and Commercial Banking Division accounted for 53.4 per cent. of the Group's consolidated net profits.

During the year ended 31 March 2018, division revenues totaled RM887.7 million (U.S.$230.0 million), a decrease of 1.7 per cent. compared with the previous financial year. The decline in income growth of the Corporate and Commercial Banking Division was underpinned by higher gain on disposal of foreclosed properties in the year ended 31 March 2017.

During the year ended 31 March 2018, loans and advances provided by the Corporate and Commercial Banking Division totaled RM25.6 billion (U.S.$6.6 billion), an increase of 0.1 per cent. compared with the previous financial year.

The Group's offshore banking operations in the Labuan International Business and Financial Centre are carried out by the Bank's offshore branch in Labuan. This unit focuses on providing foreign currency financing solutions to Malaysian corporations with activities outside Malaysia, and is operated within the Corporate and Commercial Banking segment of the Group.

Within the Corporate and Commercial Banking Division, the Group manages Corporate Banking and Commercial Banking as separate functions.

Corporate Banking

The Corporate Banking Division focuses on building and developing strong relationships with government-linked corporations, government and state-owned public entities, foreign and local multi-national companies, financial institutional groups, privately held conglomerates and publicly listed corporates.

The division also works closely with other divisions within the Group to structure comprehensive financial solutions, which include lending, deposit taking, liability management solutions, transaction banking covering cash and trade, foreign exchange and derivatives, offshore banking, debt and equity capital markets, as well as advisory and investment products.

The division concentrates on niche client groups and targeted industry sectors. The division is further supported by four regional business centres of the Bank in Johor Bahru, Kota Kinabalu, Kuching and Penang, as well as an offshore branch in Labuan, ensuring that the Group has a Corporate and Commercial Banking footprint across Malaysia and the Labuan International Business and Financial Centre.

Commercial Banking

The Commercial (or Business) Banking Division offers solutions tailored to suit two customer segments:

- Enterprise Banking; and
- Commercial Banking.

Enterprise Banking's focus is on businesses with annual turnover of up to RM50 million, while Commercial Banking serves businesses with annual turnover of up to RM150 million.

The Commercial Banking Division focuses on the Group's vision of becoming one of the top four banks in terms of the SME segment. It aims to achieve this vision by expanding its reach via its network of 27 enterprise business centres and 18 commercial business centres located across Malaysia. In addition, the division deploys dedicated teams for industrial hire purchase as well as business deposits to enable it to further grow in targeted market segments.

In the Commercial Banking Division, the Group also commits to growing SMEs by providing the necessary tools to move them forward and scale their business further. In 2017, the Group launched the AmBank BizCLUB, a business community platform that provides support to SMEs by providing knowledge, media exposure and networking opportunities.

In terms of products offered, the Commercial Banking Division offers similar products to those offered by the Corporate Banking Division, with a lesser focus on derivatives, offshore banking and advisory and investment products. In addition, it does not provide debt and equity capital markets services.

Group Treasury and Markets (previously known as Global Markets)

As at 31 March 2018, Group Treasury and Markets Division ("**GTM**") accounted for 17.8 per cent. of the Group's consolidated net profits, where the foreign exchange and derivative business comprised 53.0 per cent. of GTM's profit after tax.

GTM covers all secondary market activities relating to treasury, including foreign exchange, rates, derivatives, commodities and fixed income offerings. The focus of GTM includes managing the liquidity requirements for the Group, especially in relation to the diversification of the Group's funding sources, while ensuring key liquidity indicators comply with regulatory standards. GTM also facilitates business flow across all asset classes, which includes foreign exchange and equity derivatives. GTM's role as principal dealer with BNM reflects the Group's strength in the fixed income franchise and this complements the flow business. The strategy to improve the flow business franchise is led by the Group's sales team, which manages and develops client relationships. The sales team, supported by a team of traders, provides customised solutions for clients across all asset classes to cater to different clients' needs.

Investment Banking

Capital Markets

The Capital Markets Division is focused on providing integrated financing solutions to the Group's corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which includes corporate bond issuances, loan syndication, structured finance, margin financing, capital and project advisory services and primary syndication and underwriting services. Private Banking primarily services high net worth clients and offers financing and deposit products.

Private Banking

The Private Banking Division of the Group provides the following services through AmInvestment Bank:

- **Advisory Platform** – financial advisors are available to provide Private Banking customers of the Group with information, allowing customers to choose from a range of investment asset classes offered such as equities, bonds, commodities, futures & alternative investments such as real estate investment trusts, currencies, derivatives & structured products. Custody & estate planning services are also provided to complement the advisory platform; and
- **Discretionary Platform** – a fee-based account where customers' investments are managed by the Group's fund managers.

Business Banking

With effect from 30 June 2018, the Group's Business Banking unit became a separate reportable segment of the Group. Previously, the Business Banking segment was not included as a reportable segment and was included in the Wholesale Banking division in view of its contribution to the Group in terms of revenue, profit and total assets.

The Group's Business Banking segment focuses on the SMEs, predominantly the medium to large enterprises, comprising:

- **Enterprise Banking / Industrial Hire Purchase** – focusing on businesses with a turnover of less than RM50 million, offering working capital financing through lending programs, coupled with trade services, foreign exchange and insurance products. This segment provides services such as capital expenditure financing, working capital financing and cash management; and
- **Commercial Banking** – focusing on businesses with sales turnover from RM50 million to RM 150 million, adopting discretionary lending approach and offering working capital financing, as well as specialised lending (e.g. contract financing, development loan, project financing), trade services, cash and foreign exchange solutions, as well as insurance products.
- **Business Wealth / Bancassurance / FX** – focusing on acquiring 'New-to-Bank' customers especially on deposits and foreign exchange needs. The team also works closely with product partners (Transaction Banking, Global Markets, AmGeneral and Am MetLife), in developing products, solutions, campaigns and/or marketing relevant to customers across all sub-segments within the division.

To ensure accessibility, the Group has presence in strategic locations across Malaysia, represented by 26 Enterprise Business Centres and 30 Commercial Business centres. These centres are each equipped with dedicated SME relationship managers who can assist with the business needs of SMEs.

As at 30 June 2018, the Business Banking Division accounted for 12.6 per cent. of the Group's consolidated net profits.

The Group was named "Preferred Bank for SOBA 2017 SME Businesses" at the Star Outstanding Business Awards (SOBA) 2017, in recognition of its services to the SME segment.

Technology

The Group has a robust and secure technology infrastructure and there are on-going investments to ensure technology currency, enhance security controls and support business growth. The Group's information security management conforms to industry standards as well as BNM's policies and guidelines.

The Group conducts live disaster recovery tests annually. The purpose of these tests is to ensure that the right recovery procedures, recovery strategies and data integrity are checked, in place and validated at the respective disaster recovery sites. The Group's disaster recovery policies and procedures comply with BNM's disaster recovery guidelines.

Network

Branches

The Group has a physical presence in all major towns in Malaysia. As at 30 June 2018, the Group had 174 branches nationwide. The table below shows the number of branches the Group had in the different regions and states of Malaysia as at 30 June 2018.

Region	States	No. of Branches
1	Central	54
2	Northern	39
3	Southern	42
4	East Coast	14
5	Sarawak	15
6	Sabah	10
	Total	174

In addition, AmBank Islamic has three Islamic banking branches through which conventional banking products and services are also offered by the Group.

As at 30 June 2018, the Group was ranked sixth among local banks in Malaysia in terms of number of branches based on the latest report published by The Association of Banks in Malaysia.

e-Channels

In addition to its branches, the Group has established e-channels for its products and services, including ATMs, CDMs, CQMs and EBCs, internet banking, a 24-hour contact centre and mobile banking. As at 30 June 2018, the Group had 763 ATMs, 292 CDMs, 211 CQMs and 182 EBCs. EBCs are facilities comprising ATMs and CDMs or CQMs. In order to reduce its branch transaction costs and to improve services offered to customers, the Group continues to promote the use of EBCs.

In addition, the Group has various electronic banking platforms. For example, internet banking (through AmOnline) allows customers to perform selected transactions over the internet including paying their bills, checking their account balances and transferring funds online. The Group also has an electronic cash management platform, eAmBiz, as well as an online payroll system, eAmPayDay, and online trade financing services can be accessible through the Group's AmTrade platform. The Group continues to encourage customers to use its online banking services for improved customer service productivity.

The Group's award-winning contact centre, which operates 24 hours a day, enables customers to access financial products and services over the telephone with both an automated system and live operators. Customers can check their account balances and transaction history, transfer funds, obtain insurance services, and make credit card and loan repayments and subscribe to new services. The contact centre is equipped with automated self-service support technology, predictive auto dialler, multi-channel integration (which synchronises the contact centre with other delivery channels) and automated service request tracking.

The Group also has an online mobile banking service that allows customers to perform certain banking transactions using their mobile telephones. Current services provide for, amongst other things, reloading prepaid mobile telephone accounts, making balance enquiries, checking transaction history, managing cheques (including stopping cheques and requesting cheque books), transferring funds within accounts and to third parties, making inter-bank Giro transfers, checking rates and paying bills. In addition, the Group currently has direct relationships with 140 billers and payee corporations including utilities, clubs and telecommunication providers, which enable the Group's customers to transact or pay their bills with those companies through the use of online banking and mobile banking.

Litigation

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

FUNDING, LIQUIDITY AND CAPITAL ADEQUACY

Introduction

The Group's funding strategy is to continue to diversify its funding sources, customer base and maturity profile.

The Group's funding strategy is guided by such factors as the Group's target loan-to-available funds-ratio ("**LAFR**") or financing-to-available funds ratio ("**FAFR**"), loan-to-deposit ratio ("**LDR**"), LCR, NSFR, the maturity profile of its deposit base and the Group's ratio of retail deposits to corporate deposits. These targets and parameters are set by and monitored by the Group Assets and Liabilities Committee and benchmarked against BNM's guidelines and targets where applicable.

Funding

Most of the Group's funding is denominated in Malaysian Ringgit and is sourced from retail and business customer deposits. As at 31 March 2018, customer deposits accounted for 83.0 per cent. of the Group's total sources of funds, while deposits and placements of banks and other financial institutions accounted for 3.5 per cent. of the Group's total sources of funds. Other funding sources include funding obtained from Cagamas Berhad and funding obtained through the issuance of senior notes, credit linked notes, terms loans, revolving credit lines and asset securitisation. The Bank is also a contributor to the Kuala Lumpur Interbank Offer Rate setting process reflecting its access to the interbank markets. See "— *Other Funding Sources*".

As at 31 March 2018, retail customer deposits accounted for 46.0 per cent. of the Group's total customer deposits, with the balance of customer deposits originating from business enterprises, the Government of Malaysia, statutory bodies and other customers.

Customer Deposits

Funding from customer deposits is divided into four categories: demand deposits, savings deposits, term/ investment deposits and negotiable instruments of deposit. As at 31 March 2018, 79.0 per cent. of the total customer deposits of the Group were in the form of term/investment deposits (deposits with fixed maturities, with tenures mainly ranging from one month to 12 months), with demand deposits and savings deposits accounting for 15.0 per cent. and 4.7 per cent., respectively. The Group has concentration and large depositor limits that are designed to reduce the likelihood of the Group relying on a small number of larger depositors. Term/investment deposits may be withdrawn by the depositor prior to maturity, subject to prepayment penalties. However, based on the Group's experience, a substantial portion of term deposits are rolled over upon maturity thereby providing a stable source of funding. The Group's customer deposits are mostly denominated in Malaysian Ringgit.

The following table sets out the profile of customer deposits by type for the Group as at the dates indicated:

	As at 31 March 2016		**As at 31 March 2017**		**As at 31 March 2018**		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Demand deposits	9,689,196	15.6	10,154,966	15.1	10,433,073	2,702,869	15.0
Savings deposits	3,317,483	5.4	3,449,818	5.1	3,304,968	856,209	4.7
Term/Investment deposits	49,040,356	79.0	53,804,123	79.8	55,115,487	14,278,623	79.0
Negotiable instruments of deposit	248	0.0	257	0.0	900,000	233,161	1.3
Total	62,047,283	**100.0**	67,409,164	**100.0**	69,753,528	**18,070,862**	**100.0**

	As at 30 June 2018		
	(RM '000)	*(U.S.$. '000)*	*(%)*
Demand deposits	10,665,118	2,639,881	15.1
Savings deposits	3,311,634	819,711	4.7
Term/Investment deposits	56,193,478	13,909,277	79.4
Negotiable instruments of deposit	600,000	148,515	0.8
Total	70,770,230	**17,517,384**	**100.0**

Profile of term/investment deposits and negotiable instruments of deposit by remaining maturity

The following table sets out the profile of term/investment deposits and negotiable instruments of deposit by remaining maturity for the Group as at the dates indicated:

	As at 31 March 2016		**As at 31 March 2017**		**As at 31 March 2018**		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Due within six months	37,032,424	75.5	38,849,559	72.2	37,958,354	9,833,770	67.7
Over six months to one year	9,325,469	19.0	12,879,144	23.9	16,058,089	4,160,127	28.7
Over one year to three years	2,268,642	4.6	1,379,869	2.6	1,214,097	314,533	2.2
Over three years to five years	414,069	0.9	695,808	1.3	784,947	203,354	1.4
Total	49,040,604	**100.0**	53,804,380	**100.0**	56,015,487	**14,511,784**	**100.0**

	As at 30 June 2018		
	(RM '000)	*(U.S.$. '000)*	*(%)*
Due within six months	42,332,125	10,478,249	74.5
Over six months to one year	12,273,750	3,038,057	21.6
Over one year to three years	1,417,693	350,914	2.5
Over three years to five years	769,910	190,572	1.4
Total	56,793,478	**14,057,792**	**100.0**

Profile of customer deposits by type of depositor

The following table sets out the type of depositor for the Group as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Government and other statutory bodies	4,261,283	6.9	2,648,964	3.9	1,928,246	499,546	2.8
Business enterprises	27,963,073	45.0	35,540,006	52.8	32,553,376	8,433,517	46.7
Individuals.......................	27,793,176	44.8	24,828,308	36.8	32,110,042	8,318,664	46.0
Others[(1)]	2,029,751	3.3	4,391,886	6.5	3,161,864	819,135	4.5
Total	62,047,283	**100.0**	67,409,164	**100.0**	69,753,528	**18,070,862**	**100.0**

	As at 30 June 2018		
	(RM '000)	*(U.S.$. '000)*	*(%)*
Government and other statutory bodies	1,414,782	350,194	2.0
Business enterprises	32,178,426	7,964,957	45.5
Individuals...	35,105,016	8,689,360	49.6
Others[(1)]	2,072,006	512,873	2.9
Total	70,770,230	**17,517,384**	**100.0**

Note:

(1) "Others" primarily comprises co-operatives, societies and associations.

Deposits and Placements of Banks and Other Financial Institutions

The Group also obtains funding through deposits and placements of banks and other financial institutions (including interbank borrowings). The following table sets out the deposits and placements of banks and other financial institutions held by the Group as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Licensed banks	334,831	38.4	299,994	30.9	1,260,015	326,429	43.1
Licensed investment banks	123,953	14.2	153,141	15.8	541,513	140,288	18.6
Other financial institutions	389,970	44.8	492,061	50.7	1,099,410	284,821	37.6
Bank Negara Malaysia (BNM)..............................	22,384	2.6	25,262	2.6	20,573	5,330	0.7
Total	871,138	**100.0**	970,458	**100.0**	2,921,511	**756,868**	**100.0**

	As at 30 June 2018		
	(RM '000)	*(U.S.$. '000)*	*(%)*
Licensed banks	4,660,373	1,153,558	78.9
Licensed investment banks	220,005	54,457	3.8
Other financial institutions	1,005,318	248,841	17.0
Bank Negara Malaysia (BNM)	18,762	4,644	0.3
Total	5,904,458	1,461,500	**100.0**

The Group is an active interbank participant. It also acts as a principal dealer on BNM money market tender operations. Interbank borrowings may be used to fund short term mismatches in the Group's maturity profiles or for on-lending and arbitrage opportunities, where there are opportunities to do so. The Group seeks to maintain borrowings from the interbank market within manageable levels and internal limits so as to tap the market optimally without over-reliance on the interbank market for borrowings. As of the date of this Offering Circular, the Group is a net interbank borrower.

The Group also issues negotiable instruments of deposit to raise short term funds.

Other Funding Sources

Sale of credit facilities to Cagamas Berhad

The Group is able to secure longer-term sources of funds of three to seven years tenure by selling consumer loans to Cagamas Berhad (the Malaysian national mortgage corporation) with recourse to the Group. The Group continues to service such loans, retaining the fixed or floating interest collected on the loans, and pays a fixed or floating rate of interest to Cagamas Berhad as selected by the Group at the time of the sale.

Senior notes

The Group has established a domestic Senior Notes Issuance Programme with a programme limit of RM7.0 billion (U.S.$1.7 billion, translated based on the exchange rate of U.S.$1.00 = RM4.04 as at 30 June 2018) which enables it to tap the Malaysian debt capital markets to meet its long-term funding requirements. The programme also facilitates the Group's liquidity risk management activities by enabling medium term funds raising for purpose of liquidity management. As at 31 March 2018, the amount of senior notes outstanding under the programme was RM1.0 billion (U.S.$0.3 billion).

Asset securitisation

The Group may obtain alternative funding by undertaking asset securitisation whereby it sells credit facilities or a portfolio of loans on a with-recourse basis to a special purpose vehicle, which, in turn, issues securities to fund the acquisition from the Group. By doing so, the Group is able to diversify external sources of funding. As at 31 March 2018, the Group has undertaken RM3.75 billion worth of securitisation(s) with an external party, namely Cagamas Berhad, for funding purpose and on with recourse basis.

Other funding sources

The Group has also diversified its term funding alternatives to include credit-linked notes, term loans and revolving credit lines in order to reduce its reliance on a single funding source.

Liquidity Management

The Group adopts a conservative, low-risk approach to liquidity management. The Group's liquidity management principles are aligned with the LCR guidelines issued by BNM and comply with all other BNM requirements, including the BNM Liquidity Stress Testing requirements. The Group targets a diversified funding base avoiding concentrations by investor type, product, maturity, source and currency and implement wholesale funding diversification and maturity concentration limits. In setting its funding diversification policy, the Group takes into consideration the cost/benefit trade-off to ensure optimum level of funding cost. In addition, the Group also aims to hold a portfolio of high-quality liquid assets ("**HQLA**") to protect itself against short-term adverse conditions and to support its day to day liquidity requirements.

The Group has established various liquidity metrics so that it is able to monitor and manage its liquidity status effectively. These metrics include:

- liquidity risk management measures, such as LCR and NSFR. Liquidity risk management measures are measures that capture all the main sources and uses of funds and may also be mitigants that are used to manage liquidity risk as a whole; and
- balance sheet management measures, such as LAFR, LDR, depositor concentration ratio and core funds indicator. Balance sheet management measures are related to the structure of the balance sheet which, if not addressed in the medium term, may, adversely impact the day-to-day liquidity profile over time.

Capital Adequacy

The Group employs a capital management strategy that balances and optimises risk tolerance with earnings capability. The Group continues to rely on retained earnings to enlarge its capital resources to drive its business and the Group's policy is to maintain a strong capital base to support the development of its business and to ensure that shareholders' returns are optimised. It also seeks to maintain a prudent balance between the different components of its capital between Common Equity Tier1 ("**CET1**"), Tier 1 and Tier 2 Capital.

On 2 February 2018, BNM issued its Capital Adequacy Framework – Capital Components, implementing the Basel III reforms. The capital requirements set out by BNM took effect on 1 January 2018 and require banking institutions, including the Group, to maintain the following minimum capital ratios for the calendar years detailed below:

(a) a minimum CET1 capital ratio of 4.5 per cent. of risk-weighted assets;

(b) a minimum Tier 1 capital ratio of 6.0 per cent. of risk-weighted assets; and

(c) a minimum Total Capital ratio of 8.0 per cent. of risk-weighted assets).

In addition, banks are required to maintain additional capital buffers above the minimum CET1, Tier 1 and Total Capital ratios set out above in the form of a capital conservation buffer and a countercyclical capital buffer.

The capital conservation buffer is to enable the banking system to withstand future periods of stress and requires banks to maintain an additional buffer equal to a minimum of 1.875 per cent. (for the 2018 calendar year) and 2.50 per cent. (from 2019 onwards). If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer within a range of 0.0 per cent. to 2.5 per cent. of risk-weighted assets will also apply to the minimum CET1, Tier 1 and Total Capital ratios (as increased by the capital conservation buffer). The countercyclical buffer is determined as the weighted-average of the prevailing countercyclical capital buffer requirements applied in the jurisdictions in which the relevant banking institution has credit exposures and is subject to a scaling factor of 75.0 per cent. (for the 2018 calendar year).

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

The capital adequacy ratios of the Group as at 30 June 2018 are computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework (General Requirements and Capital Components) and Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II — Risk Weighted Assets Computation).

The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Group as at 30 June 2018 are computed in accordance with BNM's Capital Adequacy Framework — Capital Components and Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II — Risk Weighted Assets Computation). As at 30 June 2018, the Group's CET1 ratio was 11.2 per cent., its Tier 1 capital adequacy ratio was 12.2 per cent. and its Total Capital ratio was 16.0 per cent., which exceed the BNM minimum requirements detailed above. The following table provides details of the Group's capital and shows the capital adequacy ratios of the Group as at the dates indicated:

	As at 30 June 2018	
	(RM '000)	*(U.S.$ '000)*
Common Equity Tier 1 ("CET1") Capital:		
Ordinary shares	1,940,465	480,313
Retained earnings	6,471,725	1,601,912
Fair value reserve	192,642	47,684
Foreign currency per financial statement translation reserve	72,558	17,960
Regulatory reserve	229,789	56,878
Merger reserve	104,149	25,779
Cash flow hedging reserve	2,495	618
Less: Regulatory adjustments applied on CET1 capital		
Intangible assets	(390,195)	(96,583)
Deferred tax assets	(109,771)	(27,171)
Cash flow hedging reserve	(2,495)	(618)
55 per cent. of cumulative fair value gains in Fair value reserve	(105,953)	(26,226)
Regulatory reserve	(229,789)	(56,878)
CET1 capital	8,175,620	2,023,668
Additional Tier 1 capital:		
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	694,040	171,792
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	2	0
Total Tier 1 capital	8,869,662	2,195,460
Tier 2 Capital:		
Tier 2 capital instruments meeting all relevant criteria for inclusion	1,995,000	493,812
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	0
Collective allowance and regulatory reserve	822,210	203,517
Total Tier 2 capital	2,817,211	697,329
Total capital	11,686,873	2,892,789
Capital ratios:		
CET1 ratio	11.2%	11.2%
Tier 1 capital ratio	12.2%	12.2%
Total capital ratio	16.0%	16.0%

The following table shows a breakdown of risk weighted assets ("**RWA**") of the Group in the various categories of risk as at the dates indicated:

	As at 30 June	
	2018	
	(RM '000)	*(U.S.$ '000)*
Credit RWA	65,776,775	16,281,380
Market RWA	2,676,314	662,454
Operational RWA	4,004,298	991,163
Large exposure risk RWA for equity holdings	536,939	132,906
Total RWA	72,994,326	18,067,903

ASSET QUALITY

Loan Portfolio

The Group has a diversified loan portfolio with 60.2 per cent. of its net loans in the retail banking sector as at 31 March 2018. Currently, the Group's largest loan exposures by sector are for the household and manufacturing sectors. As at 31 March 2018, the Group's total outstanding gross loans amounted to RM68.0 billion (U.S.$17.6 billion).

Loans and Advances by Type

The following table shows a breakdown of gross loans and advances by type of the Group as at the dates indicated:

	As at 31 March 2016		**As at 31 March 2017**		**As at 31 March 2018**		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
At Amortised cost:							
Overdraft	2,314,683	3.9	2,491,874	3.9	2,546,703	659,768	3.7
Term loans	14,641,244	24.5	13,618,641	21.6	14,532,383	3,764,866	21.4
Housing loan receivables	15,673,465	26.2	18,565,189	29.4	22,009,341	5,701,902	32.4
Hire purchase receivables	12,833,088	21.5	12,895,977	20.4	13,173,584	3,412,845	19.4
Bills receivables	934,993	1.5	1,279,990	2.0	1,064,506	275,779	1.6
Trust receipts	1,114,735	1.9	1,478,562	2.3	1,634,359	423,409	2.4
Claims on customers under acceptance credits	2,823,822	4.7	3,038,682	4.8	3,237,968	838,852	4.8
Card receivables	1,305,021	2.2	1,389,985	2.2	1,560,226	404,203	2.3
Revolving credits	7,827,388	13.1	8,093,653	12.8	7,866,973	2,038,076	11.5
Staff Loans	112,094	0.2	107,517	0.2	100,637	26,072	0.1
Others	216,359	0.3	220,964	0.4	276,722	71,690	0.4
Gross loans and advances	59,796,892	**100.0**	63,181,034	**100.0**	68,003,402	17,617,462	**100.0**
Allowances for impairment on loans and advances:							
— Individual allowance	(251,303)		(240,793)		(181,100)	(46,917)	
— Collective allowance	(730,849)		(608,795)		(500,552)	(129,677)	
Net loans and advances	58,814,740		62,331,446		67,321,750	17,440,868	

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	*%*
At Amortised cost:			
Overdraft	2,547,233	630,503	3.7
Term loans..	15,072,966	3,730,932	21.6
Housing loan receivables..........................	22,877,048	5,662,636	32.9
Hire purchase receivables.........................	12,997,492	3,217,201	18.7
Bills receivables	1,061,532	262,755	1.5
Trust receipts...	1,621,593	401,384	2.3
Claims on customers under acceptance credits..	3,263,865	807,887	4.7
Card receivables	1,608,739	398,203	2.3
Revolving credits.....................................	8,143,368	2,015,685	11.7
Staff Loans	98,260	24,322	0.1
Others..	353,332	87,459	0.5
Gross loans and advances	69,645,428	17,238,967	100.0
Allowances for impairment on loans and advances: Allowances for impairment on loans and advances:			
— Individual allowance	(198,999)	(49,257)	
— Collective allowance	(746,404)	(184,753)	
Net loans and advances	68,700,025	17,004,957	

Loans and Advances by Geographical Distribution

The following table shows a breakdown of gross loans and advances by geographical distribution of the Group as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
In Malaysia.......................	59,161,871	98.9	62,692,237	99.2	67,775,699	17,558,471	99.7
Outside Malaysia..............	635,021	1.1	488,797	0.8	227,703	58,991	0.3
Gross loans and advances..........................	59,796,892	**100.0**	63,181,034	**100.0**	68,003,402	17,617,462	**100.0**

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	*%*
In Malaysia	69,445,373	17,189,449	99.7
Outside Malaysia	200,055	49,518	0.3
Gross loans and advances.......................	69,645,428	17,238,967	100.0

Loans and Advances by Sector

The following table shows a breakdown of gross loans and advances by sector of the Group as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Agriculture	2,136,934	3.6	1,832,710	2.9	1,602,895	415,258	2.4
Mining and quarrying	1, 351,689	2.3	1,163,224	1.8	864,688	224,012	1.3
Manufacturing	6,171,718	10.3	6,287,455	10.0	6,502,898	1,684,689	9.6
Electricity, gas and water	379,883	0.6	375,880	0.6	847,981	219,684	1.2
Construction	2,186,417	3.7	2,709,295	4.3	2,860,344	741,022	4.2
Wholesale and retail trade and hotels and restaurants	3,762,747	6.3	4,089,255	6.5	4,635,523	1,200,913	6.8
Transport, storage and communication................	1,038,149	1.7	1,307,985	2.1	1,145,419	296,741	1.7
Finance and insurance	1,740,239	2.9	1,533,305	2.4	1,563,370	405,018	2.3
Real estate	6,457,762	10.8	5,992,973	9.5	6,025,534	1,561,019	8.9
Business activities	778,807	1.3	1,074,761	1.7	1,232,608	319,329	1.8
Education and health	646,284	1.1	670,566	1.1	627,112	162,464	0.9
Household of which:	32,741,669	54.7	36,043,441	57.0	39,997,162	10,361,959	58.8
- Purchase of residential properties................	15,454,634	25.8	18,274,251	28.9	21,523,361	5,576,000	31.7
- Purchase of transport vehicles	12,163,337	20.3	12,274,723	19.4	12,327,254	3,193,589	18.1
- Others	5,123,698	8.6	5,494,467	8.7	6,146,547	1,592,370	9.0
Others	404,594	0.7	100,184	0.1	97,868	25,354	0.1

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Gross loans and advances	59,796,892	**100.0**	63,181,034	**100.0**	68,003,402	17,617,462	**100.0**

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	*%*
Agriculture	1,576,934	390,330	2.3
Mining and quarrying	940,942	232,906	1.4
Manufacturing	6,960,876	1,722,989	10.0
Electricity, gas and water................................	868,200	214,901	1.2
Construction	2,990,981	740,342	4.3
Wholesale and retail trade and hotels and restaurants	4,545,387	1,125,096	6.5
Transport, storage and communication	1,174,333	290,677	1.7
Finance and insurance	1,541,074	381,454	2.2
Real estate	5,852,873	1,448,731	8.4
Business activities	1,293,726	320,229	1.9
Education and health	652,669	161,552	0.9
Household of which:	41,155,784	10,187,075	59.1
— Purchase of residential properties	22,364,635	5,535,801	32.1
— Purchase of transport vehicles	12,097,620	2,994,460	17.4
— Others	6,693,529	1,656,814	9.6
Others	91,649	22,685	0.1
Gross loans and advances	69,645,428	17,238,967	100.0

Loans and Advances by Type of Customer

The following table shows a breakdown of gross loans and advances by type of customer of the Group as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Domestic banking institutions........................	156,016	0.2	5,861	0.0	216	56	0.0
Domestic non-bank financial institutions..........	1,545,047	2.6	1,527,443	2.4	1,544,384	400,100	2.3
Domestic business enterprises:							
— Small and medium enterprises	7,569,470	12.7	9,423,770	14.9	11,396,083	2,952,353	16.8

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
— Others	16,923,992	28.3	15,583,404	24.7	14,783,349	3,829,883	21.7
Government and statutory bodies	104,159	0.2	36	0.0	3	1	0.0
Individuals	32,110,635	53.7	35,358,171	56.0	39,089,885	10,126,913	57.5
Other domestic entities	22,357	0.0	94,563	0.1	7,521	1,948	0.0
Foreign individuals and entities	1,365,216	2.3	1,187,786	1.9	1,181,961	306,208	1.7
Gross loans and advances	59,796,892	**100.0**	63,181,034	**100.0**	68,003,402	17,617,462	**100.0**

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	*%*
Domestic banking institutions	44,783	11,085	0.1
Domestic non-bank financial institutions	1,475,008	365,101	2.1
Domestic business enterprises:			
— Small and medium enterprises.................	11,897,714	2,944,979	17.1
— Others..	14,820,557	3,668,455	21.2
Government and statutory bodies	-	-	-
Individuals...	40,230,267	9,957,987	57.8
Other domestic entities	7,445	1,842	0.0
Foreign individuals and entities.......................	1,169,654	289,518	1.7
Gross loans and advances	69,645,428	17,238,967	100.0

Loans and Advances by Interest Rate Sensitivity

The following table shows a breakdown of gross loans and advances by interest rate sensitivity of the Group as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Fixed rate:							
— Housing loans	333,043	0.6	301,579	0.5	279,506	72,411	0.4
— Hire purchase receivables	12,059,441	20.2	11,984,134	19.0	12,137,937	3,144,543	17.8
— Other fixed rate loans	5,217,344	8.7	5,271,011	8.3	5,411,233	1,401,874	8.0
Variable rate:							

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
— Base rate and Base lending rate plus	24,737,547	41.4	27,306,952	43.2	31,853,878	8,252,300	46.8
— Cost plus	14,612,176	24.4	14,858,061	23.5	13,788,707	3,572,204	20.3
— Other variable rates ...	2,837,341	4.7	3,459,297	5.5	4,532,141	1,174,130	6.7
Gross loans and advances	59,796,892	**100.0**	63,181,034	**100.0**	68,003,402	17,617,462	**100.0**

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	%
Fixed rate:			
— Housing loans	275,195	68,118	0.4
— Hire purchase receivables	12,015,538	2,974,143	17.2
— Other fixed rate loans	5,539,459	1,371,153	8.0
Variable rate:			
— Base rate and Base lending rate plus	33,225,213	8,224,063	47.7
— Cost plus	13,786,385	3,412,471	19.8
— Other variable rates	4,803,638	1,189,019	6.9
Gross loans and advances	69,645,428	17,238,967	100.0

Loan maturity profile

The following table shows a breakdown of the Group's gross loans and advances by residual contractual maturity as at the dates indicated:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000)*	*(U.S.$. '000)*	*(%)*
Maturing within one year	14,352,180	24.0	15,404,747	24.4	14,601,773	3,782,843	21.5
Over one year to three years	6,864,478	11.5	4,858,788	7.7	5,125,625	1,327,882	7.5
Over three years to five years	7,623,251	12.7	8,341,104	13.2	7,356,814	1,905,910	10.8
Over five years	30,956,983	51.8	34,576,395	54.7	40,919,190	10,600,827	60.2
Gross loans and advances	59,796,892	100.0	63,181,034	100.0	68,003,402	17,617,462	100.0

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	%
Maturing within one year	14,905,953	3,689,592	21.4
Over one year to three years	5,211,512	1,289,978	7.5
Over three years to five years	7,311,997	1,809,900	10.5
Over five years	42,215,966	10,449,497	60.6
Gross loans and advances	69,645,428	17,238,967	100.0

Twenty Largest Borrowers

As at 31 March 2018, the top 20 largest borrowers of the Group accounted for 14.9 per cent. or RM10,139 million (U.S.$2,627 million) of the Group's gross loans. The following table sets out the 20 largest single borrower groups of the Group as at 31 March 2018:

		As at 31 March 2018		
	Industry sector(s)	**Outstanding amount**		**As a percentage of the Group's total gross loan portfolio**
		(RM '000)	*(U.S.$ '000)*	*(%)*
Borrower 1	Production, collection and distribution of electricity, gas and steam, manufacture of insulated wire and cable, infrastructure	861,513	223,190	1.27
Borrower 2	Service activities incidental to crude oil and natural gas extraction excluding surveying, real estate activities	722,959	187,295	1.06
Borrower 3	Infrastructure, general contractors including civil, renting of construction or demolition equipment with operator, real estate activities	680,075	176,185	1.00
Borrower 4	General contractors including civil, real estate activities, infrastructure, other non-scheduled passenger land transport, residential	671,944	174,079	0.99
Borrower 5	Finance except insurance and pension funding, activities auxiliary to Finance, insurance and pension funding, except compulsory social security	663,681	171,938	0.98
Borrower 6	Infrastructure, Stevedoring services, activities of freight forwarding / forwarding agencies	625,701	162,099	0.92
Borrower 7	Real estate activities, general contractors including civil	584,954	151,542	0.86
Borrower 8	Production, collection and distribution of electricity, gas and steam; other services activities, construction, not elsewhere classified ("**n.e.c.**")	555,829	143,997	0.82
Borrower 9	Manufacture of fertilisers and pesticides, real estate activities, finance except insurance and pension funding, motor vehicles, other business services, n.e.c.	507,375	131,444	0.75
Borrower 10	Household and personal goods, motor vehicles, real estate	473,694	122,719	0.70

	Industry sector(s)	As at 31 March 2018 Outstanding amount		As a percentage of the Group's total gross loan portfolio
		(RM '000)	*(U.S.$ '000)*	*(%)*
	activities, telecommunications, passenger cards			
Borrower 11	Palm oil, real estate activities, manufacture of soap and cleaning preparations, perfumes, cosmetics and other toilet preparations	460,852	119,392	0.68
Borrower 12	Refined petroleum products	421,004	109,068	0.62
Borrower 13	Other non-scheduled passenger land transport, infrastructure	415,258	107,580	0.61
Borrower 14	Service activities incidental to crude oil and natural gas extraction, excluding surveying	410,831	106,433	0.60
Borrower 15	Transport via pipelines, manufacture of parts and accessories for motor vehicles and their engines, other service activities, manufacture of motor vehicles, machinery and equipment except electrical, motor vehicles, n.e.c.	408,816	105,911	0.60
Borrower 16	Real estate activities, general contractors including civil, finance except insurance and pension funding	371,365	96,209	0.55
Borrower 17	Sugar factories and refineries, hotels, camping sites and accommodations, rice, other grains, flour, household and personal goods	353,849	91,671	0.52
Borrower 18	Stonequarrying, clay and sand pits, general contractors	324,901	84,171	0.48
Borrower 19	Activities auxiliary to finance	320,709	83,085	0.47
Borrower 20	Crude and refined palm oil, sugar factories and refineries	303,207	78,551	0.45
Total		10,138,517	2,626,559	14.9

Credit Approval Process

Non-retail banking and retail banking

For non-retail banking, the relevant relationship manager will prepare a credit proposal for submission, which will be independently reviewed by the appropriate credit evaluation team within the Group Risk Management division. This review is designed to ensure that credit risks are identified correctly and appropriately mitigated, prior to submission for credit approval by either the Individual Delegated Approving Authority or the Credit and Commitments Committee ("**CACC**").

For retail banking, all credit applications are processed via an automated credit scoring system or loan origination system or credit proposal paper, based on the Group Risk Appetite Framework and/or asset writing strategies and other relevant Group policies. Upon verification and/or credit review a final decision will be made via the automated system or the relevant Individual Delegated Approving Authority. The Individual Delegated Approving Authorities are individuals, usually selected from senior staff, vested with discretionary authority to approve the relevant credit.

For non-consumer (or non-retail banking), the CACC is responsible for reviewing and approving credit requests that exceed the limits of the Individual Delegated Approving Authorities including exemptions from the Group's policies and the Group Risk Appetite Framework.

The Executive Committee of the Group has the power to review and endorse or veto the credit approved by the CACC.

All approved loan applications are sent to the respective relationship management teams for issuance of facility offers. The Credit Administration Department is responsible for transaction management, for ensuring that all terms of the transaction are complied with and that external lawyers have correctly reflected the agreed commercial terms in the relevant documents.

Generally, loan approvals are guided by a Group Risk Appetite Framework. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix.

Collateral

As at 31 March 2018, approximately 72 per cent. of all loans by book value granted by the Group were secured by collateral. The value of the collateral depends on the type of collateral being pledged and is determined, for example, by professional evaluations or market prices in accordance with the Group's policy. The Group reviews such policies periodically. For example, properties offered as collateral are valued by independent professional valuers. The collateral is revalued periodically in connection with the review of the loan account. The following table sets out the financial effects of collateral received by the Group from loans and advances as at the dates indicated:

	Gross exposure to credit risk		**Financial effect of collateral**		**Unsecured portion of credit exposure**	
	2018 *RM '000*	**2017** *RM '000*	**2018** *RM '000*	**2017** *RM '000*	**2018** *RM '000*	**2017** *RM '000*
Gross loans and advances						
Hire purchase	12,539,757	12,463,985	11,759,907	9,865,361	779,850	2,598,624
Mortgage	25,073,521	21,522,080	24,726,995	21,382,139	346,526	139,941
Credit card	1,646,578	1,408,584	21,675	24,988	1,624,903	1,383,596
Others	1,571,842	708,150	553,863	264,466	1,017,979	443,684
Corporate loans and advances:						
Term loans and bridging loans	11,236,604	10,969,267	6,516,982	6,614,660	4,719,622	4,354,607
Revolving credits	7,553,052	7,959,374	2,831,958	3,155,866	4,721,094	4,803,508
Overdrafts	2,223,977	2,194,779	1,269,088	1,282,487	954,889	912,292
Trade (include Factoring)	6,158,071	5,954,815	1,582,274	1,119,516	4,575,797	4,835,299
Total:	**68,003,402**	**63,181,034**	**49,262,742**	**43,709,483**	**18,740,660**	**19,471,551**

Single counterparty exposure limit

Pursuant to the Single Counterparty Exposure Limit guidelines and the single counterparty exposure limit for islamic banks guidelines issued by BNM which came into effect on 9 July 2014, banks are prohibited from extending credit facilities to a single counterparty (including the exposure to any group of persons connected to such single counterparty but shall not include any exposure to, and any exposure explicitly guaranteed by, BNM or the Government) in excess of 25.0 per cent. of the total capital of the bank (total capital has the same meaning assigned to it in the relevant Framework), subject to certain exemptions.

The single counterparty exposure limit is exempted for the following:

- 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;
- 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;
- exposures arising from granting of intra-day facilities; and
- exposures deducted in the calculation of a banking institution's total capital or an Islamic banking institution's total capital (as the case may be) as specified in regulatory adjustments of the relevant Frameworks such as investments in financial subsidiaries.

As at 31 March 2018, the Bank's largest exposure (inclusive of loan commitments limit, private debt securities limit and pre-settlement limit only) to a single customer was RM1,677.2 million (U.S.$434.5 million) or 14.2 per cent. of the Bank's capital base, which was RM11,790 million (U.S.$3,054.4 million). Parties with 50.0 per cent. or more equity holding in another customer are treated as a single customer. Furthermore, the Bank seeks to limit its exposure to any one particular industry sector by the application of appropriate sector limits and benchmarks for industry sectors.

Loan Collection and Recovery

Non-Retail Banking

Primary responsibility for the management of each performing account lies with the relevant Group business unit. The relationship manager performs a full review of the account (including a review of the credit rating of the relevant customers and/or issuers) at least annually. The review is submitted to the appropriate credit evaluation team in the Group Risk Management division and the relevant approving authorities for review and approval.

For accounts requiring close monitoring or deemed as underperforming (prior to impairment), primary accountability lies with the relevant Group business units, where the relationship manager shall manage such account in accordance with the Group's Classified Account Management Policy and Guidelines. The relationship manager reports the status of the account to the Group's Monitoring Forum or Watchlist and Classification Committee on a monthly basis. In addition, such accounts are subject to "shadow" monitoring by the Group Loan Rehabilitation division.

Impaired accounts should be transferred immediately to the Group Loan Rehabilitation division to manage in order to optimise the account recovery in the shortest time possible. Any exceptions are to be approved by the appropriate approving authority.

Retail Banking

With regards to retail banking, all delinquent, impaired and written-off accounts are managed by the Retail Collection Department. This department is responsible for all collection activities relating to the early care, remedial, recovery, litigation and foreclosure aspects of the consumer credit management process and is also responsible for collateral management and sales.

Impaired Loans and Advances

Classification of impaired loans

All loans and advances are categorised by the Group as either:

- neither past due nor impaired;
- past due but not impaired; or
- impaired.

An asset is considered to be past due when any payment (whether of principal or interest) due under the contractual terms is received late or is missed entirely. For credit card facilities, an account is "past due" when the cardmember fails to settle the minimum monthly repayment on or before the due date.

A loan is classified as impaired, amongst others, under the following circumstances:

- the principal or interest or both is past due or the amount outstanding is in excess of an approved limit (for revolving facilities), each for more than 90 days or 3 months; or
- the customer exhibits weaknesses that lead to a likelihood that its repayment capacity is adversely affected or it is probable that the Bank will be unable to collect all amounts due according to the contractual terms or the agreement; or
- for loans with quarterly or longer repayment schedules, as soon as a default (1 day past due plus 30 days) occurs, unless it does not exhibit any weakness that would render it classified according to the Credit Risk Rating Framework. Notwithstanding that, such loans will be classified as impaired when the principal or interest or both is past due for more than 90 days or 3 months; or
- for distressed rescheduled and restructured facilities, these loans are categorised as "unlikeliness to repay" and classified as impaired; or
- the customer has facilities classified as impaired with other financial institutions; or
- there are bankruptcy proceedings or winding up petition against the customer or receiver and manager has been appointed or the customer has been classified as a company under Practice Note 17/2005 issued by Bursa Malaysia .

The following table sets forth the classification of the Group's gross loans and advances portfolio based on the impairment classification above as at the dates indicated:

	As at 31 March				As at 30 June	
	2016	2017	2018		2018	
	(RM'000)	*(RM'000)*	*(RM'000)*	*(U.S.$ '000)*	*(RM'000)*	*(U.S.$ '000)*
Neither past due nor impaired	52,872,770	55,761,507	60,367,479	15,639,243	61,143,689	15,134,576
Past due but not impaired	5,830,719	6,221,065	6,582,123	1,705,213	7,328,523	1,813,991
Impaired	1,093,403	1,198,462	1,053,800	273,004	1,173,216	290,400
Total	59,796,892	63,181,034	68,003,402	17,617,460	69,645,428	17,238,967

The Group adopts accounting policies that are consistent with BNM's requirements with regard to classification and provisioning of impaired loans ("**IL**") and complies with the requirements specified under Malaysian Financial Reporting Standard ("**MFRS**") 139 - *Financial Instruments: Recognition and Measurement* ("**MFRS 139**").

MFRS 139 requires, among others, the application of fair value accounting on certain classes of financial instruments and impairment assessment for financial assets.

Although the Group believes that its loan and/or financing portfolio is adequately provided, no assurance can be given that the level of provisions would prove to be adequate or that the Group would not have to make significant additional provisions for possible loan and/or financing losses in the future.

MFRS 9 Financial Instruments

The Bank and its subsidiaries are required to comply with MFRS 9 – *Financial Instruments* ("**MFRS 9**"), which replaces MFRS 139, from 1 April 2018.

One of the major changes introduced by the new standard are the requirements on the impairment of financial assets. The impairment requirements in the new standard are based on an expected credit loss model and replace the MFRS 139 incurred loss model.

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and loan commitments.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

For accounting purposes, the Group classifies a restructured impaired loan as performing if it continues to perform in accordance with its restructured terms for a period of six months following the restructuring.

The following table sets out the details of the Group's restructured loans as at 31 March 2018:

	Performing Loan		Impaired Loans		Total	
	(RM ’000)	*(U.S.$ ’000)*	*(RM ’000)*	*(U.S.$ ’000)*	*(RM ’000)*	*(U.S.$ ’000)*
Restructured loans	5,023,528	1,301,432	-	-	5,023,528	1,301,432
Gross loans and advances	66,949,602	17,344,456	1,053,800	273,004	68,003,402	17,617,462
Ratio of restructured loans to gross loans and advances	7.5%	7.5%	-	-	7.4%	7.4%

Loan loss provisioning policy

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after an initial recognition of the asset (i.e. a loss event) where the estimated future cash flows of the financial asset or group of financial assets is lower than the carrying value.

The Group’s provisioning policy complies with MFRS 9 where Expected Credit Loss (“**ECL**”) is recognized at all times to reflect changes in the credit risk of a financial instrument. The model is forward looking and incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about expected credit losses. MFRS 9 applies to all financial assets classified as amortised cost and fair value through other comprehensive income, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

Under MFRS 9, financial instruments are segregated into three stages depending on the changes in credit quality since initial recognition. The Group calculates 12-month ECL for Stage 1 and lifetime ECL for Stage 2 and Stage 3 exposures.

The following table sets forth the Group’s loan loss provisions as at the dates indicated:

	As at 31 March			As at 30 June	
	2017	2018		2018	
	(RM’000)	*(RM’000)*	*(U.S.$ ’000)*	*(RM’000)*	*(U.S.$ ’000)*
Collective allowance					
Balance at beginning of financial year	730,849	608,795	157,719	500,552	123,899
Reclassification to investment account	-	-	-	(2,740)	(678)
Effects of adoption of MFRS9	-	-	-	312,851	77,438
Balance at beginning of financial year/period restated	730,849	608,795	157,719	810,663	200,659
Changes due to loans and advances movements:					
Transfer to 12 month ECL (stage 1)	-	-	-	(54,892)	(13,587)
Transfer to lifetime ECL not credit impaired (stage 2)	-	-	-	46,391	11,483

	As at 31 March			As at 30 June	
	2017	2018		2018	
	(RM'000)	*(RM'000)*	*(U.S.$ '000)*	*(RM'000)*	*(U.S.$ '000)*
Transfer to lifetime ECL not credit impaired (stage 3)	-	-	-	23,894	5,914
New financial assets originated.............................	-	-	-	33,534	8,300
Changes in credit risk	-	-	-	4,870	1,205
Modification of contractual cash flows of financial assets	-	-	-	(240)	(59)
Financial assets derecognised.........................	-	-	-	(31,185)	(7,719)
Charge for the financial year, net	178,540	207,122	53,659	-	-
Amount written off	(302,841)	(313,518)	(81,222)	(86,920)	(21,515)
Foreign exchange differences	2,247	(1,847)	(479)	289	72
Balance at end of financial year......................................	608,795	500,552	129,677	746,404	184,753
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance.............................	1.23%	1.29%		1.41%	
Individual allowance					
Balance at beginning of financial year	251,303	240,793	62,382	181,100	44,827
Effects of adoption of MFRS9................................	-	-	-	(1,493)	(370)
As restated...........................	251,303	240,793	62,382	179,607	44,457
Charge for the financial year, net..	236,032	76,158	19,730	41,488	10,269
Amount written off..............	(248,244)	(128,355)	(33,253)	(21,701)	(5,372)
Foreign exchange differences...........................	1,702	(7,496)	(1,942)	(395)	(97)
Balance at end of financial year......................................	240,793	181,100	46,917	198,999	49,257

Write-off policy

The Group's write-off policy sets out the broad principles applying to the writing-off of loans and financings. Generally, accounts (or portions thereof) which are classified by the Group as impaired or are deemed uncollectable can be subject to a Stage 1 write-off or a Stage 2 write-off.

A Stage 1 write-off applies where an account (or portion thereof) is impaired. In this instance, a write-off is permissible up to the amount of impairment provision that has been made in respect of such account.

A Stage 2 write-off applies where the account (or portion thereof) is impaired and either (i) the account is granted on a "clean" basis (i.e. no partial write-off is allowed in respect thereof) or (ii) a partial write-off is required as a result of the Bank having lost its legal right to claim in respect of the relevant amounts and there is minimal prospect of recovery and/ or further recovery is uneconomical. In the case of (i), the write-off must be fully provided for. In the case of (ii), the write-off is permissible up to the amount of impairment provision that has been made in respect of such account.

The Board of Directors of the Bank (the "**Board**") has delegated the authority to write-off loans and financings to the Group CEOs Committee. The Group CEOs Committee may further delegate the authority to write-off loans and financings subject to certain controls. For example, the Business Managing Director and the Head of Finance may jointly approve Stage 1 write-offs on a case-by-case basis subject to the Group CEOs Committee's review. Stage 2 write-off authority has been delegated to the Business Managing Director, provided the write-off has been vetted by the Risk Management Department's credit evaluation unit for compliance with principles approved by the Board.

The total loans and financings written-off on a total portfolio basis (including quarter-to-date and year-to-date write-off information) are reported on a quarterly basis to the Audit & Examinations Committee ("**AEC**") and the Board. In addition, written-off accounts for large loans and financings are also reported to the Board after the accounts have been duly reviewed by the AEC.

Profile of impaired loans and advances

The Group's gross impaired loans were RM1,053.8 million (U.S.$273.0 million) and net impaired loans were RM872.7 million (U.S.$226.1 million) as at 31 March 2018, representing a ratio of gross impaired loan to total gross loans and advances of 1.6 per cent. and a ratio of net impaired loans to total net loans and advances of 1.3 per cent., respectively. Based on BNM statistics, as at 31 March 2018, the ratio of net impaired loans to net loans for the industry was 1.0 per cent. As at 31 March 2018, the top 20 impaired loan exposures represented 41.1 per cent. of the Group's total gross impaired loans and 0.6 per cent. of the Group's total gross loans and advances.

The table below shows the Group's impaired loans as at the dates indicated:

	As at 31 March			As at 30 June	
	2017	2018		2018	
	(RM'000)	*(RM'000)*	*(U.S.$ '000)*	*(RM'000)*	*(U.S.$ '000)*
Balance at beginning of financial year/period	1,093,403	1,198,462	310,482	1,053,800	260,842
Impaired during the year/period	1,064,566	802,564	207,918	340,090	84,181
Reclassified as non-impaired	(39,530)	(74,898)	(19,404)	(88,089)	(21,804)
Recoveries	(392,810)	(413,904)	(107,229)	(27,997)	(6,930)
Amount written off	(540,945)	(441,873)	(114,475)	(108,621)	(26,886)
Foreign exchange differences	13,778	(16,551)	(4,288)	4,033	998
Balance at end of financial year/period	1,198,462	1,053,800	273,004	1,173,216	290,401

	As at 31 March			As at 30 June	
	2017	2018		2018	
	(RM'000)	*(RM'000)*	*(U.S.$ '000)*	*(RM'000)*	*(U.S.$ '000)*
Gross impaired loans and advances as % of gross loans and advances..........	1.90%	1.55%		1.68%	
Loan loss coverage (including regulatory reserve)...........................	84.6%	100.0%		108.8%	

Impaired loans and advances by sector

The following table sets out the Group's gross impaired loan portfolio according to sector as at the dates indicated herein:

	As at 31 March 2016		As at 31 March 2017		As at 31 March 2018		
	(RM '000)	*(%)*	*(RM '000)*	*(%)*	*(RM '000*	*(U.S.$. '000)*	*(%)*
Agriculture	2,298	0.2	636	0.1	265	68	0.0
Mining and quarrying.....	84,987	7.8	150,058	12.5	82,711	21,428	7.9
Manufacturing	155,796	14.2	88,773	7.4	81,147	21,022	7.7
Electricity, gas and water	355	0.0	100	0.0	110	28	0.0
Construction	41,723	3.8	5,799	0.5	37,226	9,644	3.5
Wholesale and retail trade and hotels and restaurants	33,925	3.1	32,629	2.7	28,054	7,268	2.7
Transport, storage and communication	18,436	1.7	4,567	0.4	8,966	2,323	0.9
Finance and insurance	32	0.0	1	0.0	-	-	-
Real estate	193,236	17.7	399,114	33.3	291,255	75,455	27.6
Business activities	6,527	0.6	5,824	0.5	8,097	2,098	0.8
Education and health	3,904	0.4	2,847	0.2	18,333	4,749	1.7
Household of which:	547,771	50.1	503,827	42.0	495,401	128,342	47.0
— Purchase of residential properties.............	303,053	27.7	288,132	24.0	282,769	73,256	26.8
— Purchase of transport vehicles .	152,174	13.9	121,365	10.1	132,187	34,245	12.6
— Others	92,544	8.5	94,330	7.9	80,445	20,841	7.6
Others............................	4,413	0.4	4,287	0.4	2,235	579	0.2
Impaired loans and advances	1,093,403	**100.0**	1,198,462	**100.0**	1,053,800	273,004	**100.0**

	As at 30 June 2018		
	(RM'000)	*(U.S.$ '000)*	%
Agriculture	144	36	0.0
Mining and quarrying	76,242	18,872	6.5
Manufacturing	182,599	45,198	15.5
Electricity, gas and water	113	28	0.0
Construction	23,301	5,768	2.0
Wholesale and retail trade and hotels and restaurants	46,901	11,609	4.0
Transport, storage and communication	7,989	1,978	0.7
Real estate	298,912	73,988	25.5
Business activities	8,028	1,987	0.7
Education and health	13,336	3,301	1.1
Household of which:	513,779	127,172	43.8
— Purchase of residential properties	292,922	72,505	25.0
— Purchase of transport vehicles	132,953	32,909	11.3
— Others	87,904	21,758	7.5
Others	1,872	464	0.2
Impaired loans and advances	1,173,216	290,401	100.0

Securities Portfolio

Before MFRS9 *Financial Instruments* became effective, banking institutions in Malaysia are required to classify their securities portfolio holdings into three categories: financial assets at fair value through profit or loss, financial investments available-for-sale, financial investments held-to-maturity.

Prior to 1 April 2018, the Group had the following accounting policies in connection with its securities portfolio, which are compliant with MFRS 139 *Financial Instruments: Recognition and Measurement*.

The holdings of the securities portfolio of the Group are classified based on the following categories and valuation methods:

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets held-for-trading and those designated by management as at fair value through profit or loss on inception.

Financial assets are classified as held-for-trading if they are acquired principally for the purpose of sale in the near term.

Financial assets may be designated at fair value through profit or loss when the following criteria are met. Designation is determined on an instrument by instrument basis:

- the application of the fair value option eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets on a different basis; or

- the financial assets are part of a portfolio of financial instruments which is managed and its performance evaluated on a fair value basis; or
- the assets include embedded derivatives and such derivatives are required to be recognised separately.

Financial assets at fair value through profit or loss are carried at fair value and any gain or loss arising from a change in their fair values is recognised in the income statements.

(b) Financial investments available-for-sale

Financial investments available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The financial investments available-for-sale are measured at fair value. Any gain or loss arising from a change in fair value is recognised directly in equity through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statements.

(c) Financial investments held-to-maturity

Financial investments held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. The financial investments held-to-maturity are measured at amortised cost based on the effective yield method, less impairment.

The Group has adopted MFRS 9 and applied the following accounting policies in connection with its securities portfolio with effect from 1 April 2018:

The Group classifies its securities portfolio in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income ("**FVOCI**"); or
- fair value through profit or loss ("**FVTPL**").

Classification and subsequent measurement of the securities portfolio depends on:

- *Business model* – The business model reflects how the Group manages the financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model. Factors considered by the Group in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.
- *Cash flow characteristics* – Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group assesses whether the financial assets' contractual cash flows represent solely payment of principal and interest ("**SPPI**"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Securities with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, the Group classifies the securities portfolio into one of the following three measurement categories:

- *Amortised cost* – Securities that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by any expected credit loss allowance. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

- *FVOCI* – Securities that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through other comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss.

- *FVTPL* – Securities that do not meet the criteria for amortised cost or FVOCI, including financial assets held-for-trading are measured at FVTPL. Changes in fair value and interest earned whilst holding the securities are recognised in profit or loss.

In addition, securities that meet the criteria for amortised cost or FVOCI may be irrevocably designated as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument-by-instrument basis.

The following tables set out the Group's securities portfolio as at the dates indicated:

Financial Assets Held For Trading

	As at 31 March			
	2016	2017	2018	
	(RM'000)	*(RM'000)*	*(RM'000)*	*(U.S.$ '000)*
At fair value				
Money Market Instruments:				
— Bank Negara Monetary Notes......................	-	333,562	4,808,484	1,245,721
— Government Investment Issues ..	206,757	562,691	428,254	110,947
— Islamic Treasury Bills .	-	118,689	327,942	84,959
— Malaysian Government Securities	287,529	1,997,251	311,458	80,689
— Malaysian Treasury Bills	-	1,148,116	52,540	13,611
	494,286	4,160,309	5,928,678	1,535,927
Quoted securities:				
In Malaysia				
— Shares..........................	67,560	115,600	268,992	69,687
— Unit trusts....................	130,272	57,923	60,573	15,692
— Warrants......................	80	-	-	-
— Sukuk	38,962	38,207	37,962	9,835
	236,874	211,730	367,527	95,214
Outside Malaysia				
— Shares.........................	102,101	114,596	120,095	31,113
Unquoted securities:				
In Malaysia				
— Corporate bonds and sukuk	1,000,756	1,365,863	1,625,641	421,150
Outside Malaysia				
— Corporate bonds	36,410	9,998	-	-
	1,870,427	5,862,496	8,041,941	2,083,404

Financial Assets At Fair Value Through Profit or Loss

	As at 30 June 2018	
	(RM'000)	*(U.S.$ '000)*
At fair value		
Money Market Instruments:		
— Bank Negara Monetary Notes	2,607,384	645,392
— Malaysian Government Investment Issues	300,432	74,364
— Islamic Treasury Bills	642,956	159,148
— Malaysian Government Securities	2,787,307	689,927
— Malaysian Treasury Bills	357,330	88,448
	6,695,409	1,657,279
Quoted securities:		
In Malaysia		
— Shares	263,267	65,165
— Unit trusts	60,612	15,003
— Sukuk	37,345	9,244
	361,224	89,412
Outside Malaysia		
— Shares	117,734	29,142
Unquoted securities:		
In Malaysia		
— Shares	45	11
— Corporate bonds and sukuk	942,085	233,190
	942,130	233,201
	8,116,497	2,009,034

Financial Investments Available-For-Sale

	As at 31 March			
	2016	2017	2018	
	(RM'000)	*(RM'000)*	*(RM'000)*	*(U.S.$ '000)*
At fair value				
Money Market Instruments:				
— Government Investment Issues	625,820	585,381	314,152	81,387
— Foreign Government Investment Issues......	-	8,887	11,493	2,977
— Islamic Treasury Bills	28,723	-	-	-
—Malaysian Government Securities	384,777	629,737	232,917	60,341
—Negotiable Instruments of Deposits....................	2,049,644	-	-	-
	3,088,964	1,224,005	558,562	144,705
Quoted securities:				
In Malaysia				
— Shares	4,204	568	98	25
— Unit trusts	137,617	148,626	110,093	28,522
	141,821	149,194	110,191	28,547
Outside Malaysia				
— Shares	47	52	40	10
Unquoted securities:				
In Malaysia				
— Shares.............................	-	-	46,677	12,092
— Corporate bonds and sukuk	3,845,078	4,002,718	3,556,154	921,283
	3,845,078	4,002,718	3,602,831	933,375
Outside Malaysia				
— Corporate bonds and sukuk	312,740	195,183	252,349	65,376
At cost				
Unquoted securities:				
In Malaysia				
— Shares	87,375	87,375	270,830	70,164
Outside Malaysia				
— Shares	175	186	188	49
	7,476,200	5,658,713	4,794,991	1,242,226

Financial Investments At Fair Value Through Other Comprehensive Income

	As at 30 June 2018	
	(RM'000)	*(U.S.$ '000)*
At fair value		
Money Market Instruments:		
— Malaysian Government Investment Issues	571,326	141,417
— Foreign Government Investment Issues	51,438	12,732
—Malaysian Government Securities	393,817	97,479
—Negotiable Instruments of Deposits	1,148,871	284,374
	2,165,452	536,002
Quoted securities:		
In Malaysia		
— Unit trusts	111,011	27,478
Unquoted securities:		
In Malaysia		
— Corporate bonds and sukuk	4,458,948	1,103,700
— Shares	518,533	128,350
	4,977,481	1,232,050
Outside Malaysia		
— Shares	262	65
— Corporate bonds and sukuk	221,839	54,911
	7,476,045	1,850,506

Financial Investments Held-To-Maturity

	As at 31 March			
	2016	2017	2018	
	(RM'000)	*(RM'000)*	*(RM'000)*	*(U.S.$ '000)*
At amortised cost				
Money Market Instruments:				
— Foreign Treasury bills	780,153	-	-	-
Unquoted securities:				
In Malaysia				
— Corporate bonds and sukuk	2,051,609	2,080,055	1,805,155	467,657
Less: Accumulated impairment losses	(3,008)	(2,550)	(2,550)	(661)
	2,828,754	2,077,505	1,802,605	466,996

Financial Investments At Amortised Cost

	As at 30 June 2018	
	(RM'000)	*(U.S.$ '000)*
At amortised cost		
Money Market Instruments:		
— Government Investment Issues	141,357	34,989
Unquoted securities:		
In Malaysia		
— Corporate bonds and sukuk	3,152,297	780,272
Less: Accumulated impairment losses	(5,894)	(1,459)
	3,287,760	813,802

RISK MANAGEMENT

The Group's Risk Management Framework reflects the Board's Approved Group Risk Appetite Framework which sets out the risk and reward profile for the Group, together with the related business strategies, limit framework and policies required to enable successful execution.

The Group's Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating, targeted profitability and return on equity ("**ROE**"). The Group Risk Appetite Framework is reviewed periodically throughout the financial year by both the executive management of the Group and the Board. During these reviews, consideration is given to whether any fine tuning or amendments are required to be made to the Group Risk Appetite Framework to account for prevailing or expected changes to the operational environment.

The Group Risk Appetite Framework provides portfolio parameters for credit risk, traded market risk, non-traded market risk and operational risk incorporating, *inter alia*, limit structures for countries, industries, single counterparties, value at risk, capital at risk, earnings at risk, stop loss, stable funding ratio and liquidity. Each business unit has asset writing strategies which tie into the overall Group Risk Appetite Framework providing detailed strategies of how those units will execute their business plans in compliance with the Group Risk Appetite Framework.

Board Approved Risk Appetite Statement

The Group's strategic goal is to maintain a credit rating of AA2 or better (based on reference rating by RAM Ratings Services Berhad). The Group expects this to be supported by sustainable asset quality and continued portfolio diversification within retail and non-retail businesses, with greater contribution from non-interest income, complemented by robust management of liquidity, disciplined execution of interest rate risk/rate of return risk in the balance sheet, and with support from strong level of capital.

The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for Common Equity Tier 1, Tier 1 Capital, and Total Capital. The Group's capital requirements are robustly tested over a three-year period.

The Group adopts a conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel III liquidity matrix (Net Stable Funds Ratio, and Liquidity Coverage Ratio). The Group monitors the LAFR for each entity against approved management trigger points and targets to continually improve the CASA deposit composition as well as other eligible sources of funds.

The Group manages operational risk by setting the operational risk appetite statements and measurements that the Group is willing to tolerate to support its business strategies and objectives. The Group manages its reputational risk by not engaging in any activity that has potential to result in a material event or loss that would be outside the expectations of its stakeholders. The Group also manages its regulatory compliance risk by setting positive compliance culture and ensuring that the letter and spirit of regulatory requirements, applicable laws, rules, and standards in the respective jurisdictions are complied with.

The Group manages Shariah risk by ensuring that its operations, business, affairs and activities are in compliance with rulings, policies and guidelines of the BNM's Shariah Advisory Council ("**SAC**"), the Shariah Committee of AmBank Islamic and/or other relevant authorities.

The Group manages trading and sales activities by instituting appropriate governance, culture, and controls to promote acceptable behaviour.

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The Risk Management Committee ("**RMC**") is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management.

The Board has also established the Management Risk Committees to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board-delegated mandate. including balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, reputational risk, product risk and business and IT risk.

Credit Risk Management

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

The primary objective of the Group's credit risk management framework is to maintain accurate risk recognition (through identification and measurement) to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework and related credit policies.

The Group's credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("**PD**") • Loss given default ("**LGD**") • Exposure at default ("**EAD**")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits • Wholesale Pricing • Collateral & tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Classified Accounts • Review customers under Reschedules and Restructured

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using a credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are used to complement the credit assessment and approval processes.

To support credit risk management, the Group's rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement of pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement of portfolio management.

Lending and financing activities are guided by the Group Risk Appetite Framework and internal credit policies that are approved by the Board. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit Risk portfolio management strategies include, amongst others:

- concentration threshold and review triggers linked to:
  - single counterparty credit;
  - industry sector; and
  - country;
- setting loan/financing to value limits for asset backed loans (i.e., property exposures and other collateral);
- Classified Account processes for identifying, monitoring and monitoring customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("**R&R**") Account Management sets out the controls in managing R&R loans/financing pursuant to BNM's Credit Risk Policy;
- setting Guidelines on Wholesale Pricing which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure exceeding certain thresholds are escalated to the CACC for approval. In the event such exposure exceeds CACC authority, it will be submitted to the Board Credit Committee ("**BCC**") for review or approval, as the case may be. Portfolio credit risk is reported to the relevant management and board committees.

The Group Management Risk Committee ("**GMRC**") regularly meets to review the quality and diversification of the Group's loan and financing portfolio and review the portfolio risk profile against the Group Risk Appetite Framework, and recommend or approve new and amended credit risk policy.

The Group Risk Division oversees risk across the various business units within the Group and prepares monthly Risk Reports which detail important portfolio composition and trend analysis. These reports address asset growth, asset quality, impairments, flow rates of loan and financing delinquency buckets and exposures by industry sectors. The reports are provided monthly by the Group Risk Division to executive management and are presented at all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

Capital Risk Management

The capital and risk management of the banking subsidiaries of the AMMB Group are managed collectively at AMMB Group level.

The AMMB Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a three-year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of different components of capital are maintained by the AMMB Group to support its strategy.

The capital plan takes into account the following considerations:

- Regulatory capital requirements;
- Capital requirement to support business growth, strategic objectives, buffer for material regulatory risks and stress test results.

The AMMB Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the AMMB Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the AMMB Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the AMMB Group and how these events could be mitigated. The AMMB Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The AMMB Group's assessment of risk appetite is closely integrated with the AMMB Group's strategy, business planning and capital assessment processes, and is used to form senior management's views on the level of capital required to support the AMMB Group's business activities.

The AMMB Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the AMMB Group's management disciplines.

The capital that the AMMB Group is required to hold is determined by its statement of financial position, commitments and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the AMMB Group's risk rating methodologies and systems. BNM has the right to impose further capital requirements on Malaysian Financial Institutions.

The AMMB Group operates processes and controls to monitor and manage capital adequacy across the organisation.

Where the AMMB Group operates in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Assets and Liabilities Committee ("**GALCO**"). The GALCO committee is also responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the AMMB Group's capital planning and assessment methodology.

Overall responsibility for the effective management of risk rests with the Board. The RMC is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The AEC reviews specific risk areas and the issues discussed at the key capital management committees.

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these triggers and target ranges. For the financial year ended 31 March 2018, these ranges are 9.5 per cent. to 11.5 per cent. for the Common Equity Tier 1 ("**CET 1**") capital ratio, 10.0 per cent. to 12.0 per cent. for the Tier 1 capital ratio and 14.0 per cent. to 16.0 per cent. for the total capital ratio. The Group has been operating within these ranges.

The Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest rates or profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two types of market risk: Traded Market Risk ("**TMR**") and Non-Traded Market Risk ("**NTMR**"). Assessment, control and monitoring of these risks are the responsibility of the Investment Banking and Market Risk Division ("**IBMR**").

Traded Market Risk ("TMR")

The TMR management process is depicted in the table below.

Identification	• Identify market risks within existing and new products. • Review market-related information such as market trends and economic data.
Assessment/ Measurement	• Value-at-Risk ("VaR") • Loss Limit • Historical Stress Loss ("HSL") • Present Value of One Basis Point ("PV01") • Sensitivity to Change • Other Detailed Controls
Control/ Mitigation	• VaR limits • Loss Limits/Triggers (Annual/Monthly/Daily) • HSL limits • PV01 Limits • Greek Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Concentration Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Minimum Holding Period • Approved Portfolio Products • Approved Countries/Currencies • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and GMRC committee approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with the Group's business units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limit thresholds serve to alert management on the need to take relevant appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g. Greek Limits (a set of factor sensitivities used for measuring risk exposures related to options or derivatives) and PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to the GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by senior management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

IBMR is committed to on-going improvements in market risk processes and systems.

Non-Traded Market Risk

The Interest Rate Risk / Rate of Return Risk in Banking Book ("**IRR/ RORBB**") risk management process is depicted in the table below:

Identification	• Identify IRR/RORBB within existing and new products. • Review market-related information such as market trends and economic data
Assessment/ Measurement	• PV01 • Earnings-at-Risk ("EaR")
Control/ Mitigation	• PV01 Limits • EaR Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest or profit rates that impact core net interest or profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest or profit margins and implied volatilities on interest or profit rate options. The provision of retail and wholesale banking products and services (primarily lending, financing and deposit taking activities) creates interest or profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest or profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of the Group's capital.

The Board's oversight of IRR/RORBB is supported by the GALCO and/or GMRC. GALCO and/or GMRC is responsible for the alignment of Group-wide risk appetite and funding needs, taking into consideration the Group-wide business strategies. GALCO and/or GMRC consistently oversees the Group's gapping positions, asset growth and liability mix against the interest or profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/RORBB is maintained. The Group has successfully engaged long-term borrowings and written interest or profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Bank's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within limits set by the Board.

The Group measures the IRR/RORBB exposures using PV01. PV01 is a quantitative measure to assess the impact of an absolute change in economic value due to one basis point movement in market interest / profit rates.

The Group complements PV01 by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest or profit rates and spreads, changes in loan or financing and deposit product balances due to behavioural characteristics under different interest or profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits and loans or financings.

The rate scenarios may include rapid ramping of interest or profit rates, gradual ramping of interest or profit rates, and narrowing or widening of spreads. Usually each analysis incorporates what the Group's management deems to be the most appropriate assumptions about customer behaviour in an interest or profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group seeks to optimise exposure to IRR/RORBB within limits approved by the Management. This is achieved through the ability to reposition the interest or profit rate exposure of the statement of financial position of the Group using dynamic product and funding strategies, supported by MFRS 139-compliant interest or profit rate hedging activities using interest or profit rate swaps and other derivatives. These approaches are governed by the Group's policies in the areas of product and liquidity management as well as the Trading Book and Banking Book Policy, hedging policies and Non-Traded Interest / Profit Rate Risk Framework.

IRR/RORBB exposures are monitored by IBMR and positions reported to the GALCO and/or GMRC, RMCD and Board.

Liquidity Risk Management

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly as a result of the Group's deposit-taking and borrowing activities, market disruption and, to a lesser extent, significant drawing down of funds pursuant to previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problems. Conversely, insufficient liquidity risk management may give rise to funding risk.

The liquidity risk management process is depicted in the table below:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data. • Keep abreast with regulatory requirements.
Assessment/ Measurement	• Liquidity Coverage Ratio ("LCR") • Depositor Concentration Ratios • Other Detailed Controls
Control/ Mitigation	• LCR Limits • Depositor Concentration Ratios • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

The liquidity risk management strategy of the Group is aligned with BNM's LCR policy. The primary objective of the Group's liquidity risk management strategy is to ensure the availability of sufficient funds at a reasonable cost in order to enable the Group to meet its financial commitments when they fall due. This objective is partly managed by maintaining a portfolio of high-quality liquid assets to protect against adverse funding conditions and to support the day-to-day operations of the Group. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which include diversification of funding sources, customer base and maturity period.

The Board provides liquidity risk management oversight, including setting and reviewing the liquidity risk appetite and approving the Group's liquidity management strategies, while the GALCO and/or the GMRC is responsible to oversee the overall liquidity management strategies of the Group. IBMR, together with the Group Treasury and Markets Division ("**GTM**") and the Capital and Balance Sheet Management Department ("**CBSM**") develop the liquidity scenario assumptions, which are approved by the Board.

The Group has put in place a contingency funding plan to identify early warning signals of possible liquidity problems. The contingency funding plan also sets out in detail the responsibilities of the relevant departments in the event of a liquidity crisis occurring. The plan is designed to ensure orderly execution of procedures in such an event, in order to restore the liquidity position and confidence in the organisation.

The Group has in place various liquidity measurements that support the broader strategic objectives of the Group and, among other things, include the BNM LCR, Depositor Concentration Ratio and other liquidity ratios. IBMR is responsible for developing and monitoring the controls and limits, while GTM is responsible for the consolidated liquidity management execution strategy and to ensure that controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The Group further stresses the importance of stable funding sources to finance lending or financing to customers. These are monitored using the LAFR / FAFR, which compares loans/financing and advances to customers as a percentage of the Group's total available funds.

To measure the quality of the Group's funding sources, the composition of core funds indicators are monitored on a regular basis. Core funds are defined as deposits from retail and small business customers, operational deposits, non-financial institutions deposits more than one year and debt instruments or long term borrowings more than one year.

In preparation for the impending implementation of BNM's Basel III Net Stable Funding Ratio ("**NSFR**"), the Group is already monitoring the NSFR and continues to pursue strategies to ensure the availability of cost-effective liquidity.

Operational Risk Management

The Group's operational risk management process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/ activities within Line of Business (including new products).
Assessment/ Measurement	• Incident Management and Data Collection. • Risk and Control Self Assessment. • Key Risk Indicators. • Key Control Testing.
Control/ Mitigation	• Policies addressing control and governance requirements to mitigate specific operational risk. • Advisory on the establishment of internal controls. • Contingency planning.
Monitoring/ Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, Risk profile status, key risk indicator breaches and key control testing exceptions. • Periodical review of risk profile within Line of Business.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which include but are not limited to outsourcing risk, information technology (including cyber security) risk, reputational risk and Shariah risk.

The strategy for managing operational risk in the Group is based on the three lines of defence concept which are as follows:

- the first line of defence is responsible for the management of operational risk in order that accountability and ownership is as close as possible to the activity that creates the risk, and ensuring that effective actions are taken to manage the risks. Enhanced first line of defence provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risk;

- in the second line, the Group Operational Risk department is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development, quality assurance of internal controls, operational risk measurement and capital allocation, operational risk management training and reporting of operational risk issues to GMRC, RMC and the Board; and

- the Group Internal Audit Division acts as the third and final line of defence by providing independent assurance on the effectiveness of internal controls through its periodic audit programme.

The Group Operational Risk Department maintains close working relationships with all lines of business, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group.

The Business Continuity Management ("**BCM**") process of the Group is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality.
Assessment/ Measurement	• Business Impact Analysis. • Three Assessment.
Control/ Mitigation	• Policies governing the BCM implementation. • BCM methodologies controlling the process flow. • Implementing the Business Continuity Plan.
Monitoring/ Review	• BCM Plan testing and exercise. • Review of BCM Plan. • Plan maintenance.

The BCM function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of the Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure that the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency and conduct periodical testing to enhance BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten BCM awareness and foster business resilience across the Group.

Legal Risk

Legal risks arise from potential breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits or adverse judgment, failure to respond to changes in regulatory framework and failure to protect assets (including intellectual properties) owned by the Group which may lead to losses, disruption or other impact to the Group's financials or otherwise adversely affect the reputation of the Group. Legal risk is overseen by GMRC, upon advice by the Group's internal legal counsels and, where necessary, in consultation with external legal counsel to ensure that its legal risk is appropriately managed.

Regulatory Compliance Risk

The AMMB Group has in place a compliance framework to promote the safety and soundness of the AMMB Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The AMMB Group believes in and embraces a stronger compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and senior management lead by example.

The Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.

Hedging Strategy

Financial derivatives

Purpose of engaging in financial derivatives

As part of its risk management strategy, the Group uses financial derivatives instruments to manage the Group's market risk exposure. The Group's involvement in financial derivatives comprises mainly of interest rate derivatives, amongst other hedging instruments.

Interest rate swap contracts generally involve the exchange of fixed and/or floating interest rates between two parties based on the underlying principal amounts. As derivatives are contracts which transfer risks, they expose the Group to the same type of market and credit risks as other financial instruments and the Group seeks to manage these risks in a consistent manner under the overall risk management framework.

Interest rate risk

Interest rate risk within the Group typically arises from the mismatch between assets and liabilities. While a majority of the Group's assets are floating in nature, the Group has adopted and practice strict asset liability management to ensure that any interest rate risk attributed to fixed rate assets and securities are managed within internally prescribed risk limits. This includes entering into financial derivatives, writing more floating-rate loans for natural hedge and bringing in longer-tenure term funding with maturity above one year, among other things.

PRINCIPAL SHAREHOLDERS

Share Capital

The issued and paid-up share capital of the Bank as at 30 June 2018 is as follows:

Type	No. of shares	Amount
		(RM '000)
Authorised:		
Issued and paid-up capital:		
Ordinary Shares	836,852,786	1,940,465
Class of Shares	Ordinary Shares	
Voting Rights	Voting rights are granted to holders of ordinary shares as stated in the Constitution of the Bank	

Shareholders

As at 30 June 2018, the Bank is wholly-owned by AMMB Holdings Berhad.

MANAGEMENT AND EMPLOYEES

Board of Directors of the Bank

The Bank's Board of Directors currently comprises six directors, all of whom are Non-Executive Directors. Of the six Non-Executive Directors, five are independent.

The Malaysian Companies Act 1965 has been repealed by the Malaysian Companies Act 2016 (the "**Act**"). Although the Act has the effect of repealing and superseding the Companies Act 1965, all companies validly incorporated under the Companies Act 1965 shall be deemed to have been incorporated under the Act and shall continue to operate as a going concern. The Act also allows for various operational procedures adhered to by such companies under the Companies Act 1965 to continue to be valid under the Act, for instance the company's Memorandum and Articles of Association adopted by companies under the Companies Act 1965 shall continue to be in force and operative as if it were adopted under the Act.

In accordance with the Memorandum and Articles of Association of the Bank, the number of directors shall not be less than two and shall not be subject to any maximum, unless otherwise determined by its shareholders. Pursuant to the Act, an election of directors shall take place each year and, in every year, thereafter one-third of the directors for the time being, or if their number is not multiple of three, then the number nearest one-third shall retire from office. All directors shall retire from office once at least in each three years. A retiring director shall be eligible for re-election.

The current directors of the Bank are as follows:

Name	Position	Date of appointment
Tan Sri Azman Hashim................................	Non-Independent Non-Executive Chairman	20 December 2001
Raymond Fam Chye Soon	Independent Non-Executive Director	15 January 2015
Voon Seng Chuan	Independent Non-Executive Director	18 June 2015
Dato' Sri Abdul Hamidy Abdul Hafiz	Independent Non-Executive Director	7 January 2016
Dr Veerinderjeet Singh A/L Tejwant Singh.	Independent Non-Executive Director	1 June 2017
U Chen Hock	Independent Non-Executive Director	3 July 2018

The Board meets eight times in a year, with additional meetings scheduled as required, to consider and discuss the latest financial and operational developments as well as strategic and policy issues, and to ensure that disclosures are in accordance with accounting standards and regulatory guidelines. The Bank complies with the standard set out in BNM's policy on Corporate Governance that a majority of the Board shall comprise independent directors at all times.

Profiles of Directors

Tan Sri Azman Hashim

Tan Sri Azman Hashim was appointed to the Board on 20 December 2001. Tan Sri Azman has been the Chairman of AMMB Holdings, the holding company of the Bank, since 1991. He is the Non-Independent Non-Executive Chairman of AMMB Holdings.

Tan Sri Azman is also the Chairman of the board of several subsidiaries of AMMB Holdings, namely AmInvestment Bank, AmGeneral Holdings Berhad (formerly known as AmG Insurance Berhad) and AmInvestment Group Berhad.

Tan Sri Azman is a Chartered Accountant (FCPA), a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators. He has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmInvestment Bank.

Tan Sri Azman is the Executive Chairman of Amcorp Group Berhad and RCE Capital Berhad, and Chairman of Malaysian South-South Corporation Berhad. He serves as a member on the board of Pembangunan MasMelayu Berhad and the Asian Institute of Finance Berhad. Tan Sri Azman is also involved in several charitable organisations as Chairman and Trustee of AmGroup Foundation, Perdana Leadership Foundation and Trustee for Yayasan Azman Hashim, Yayasan Perpaduan Nasional, Malaysian Liver Foundation, Yayasan Tuanku Najihah and Yayasan Canselor Open University Malaysia.

Tan Sri Azman is the Chairman of the Asian Institute of Finance Berhad, Asian Institute of Chartered Bankers, Asian Banking School Sdn Bhd, Malaysian Investment Banking Association and the Malaysia Productivity Corporation. He is also Chairman Emeritus of Pacific Basin Economic Council (PBEC). He is the President of Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and a Member of the East Asia Business Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai). He is the Pro-Chancellor of Open University of Malaysia and a member of the Governing Body of Asian Productivity Organisation.

Tan Sri Azman is also involved in several charitable organisations as Chairman, and as Trustee of AmGroup Foundation and Perdana Leadership Foundation and Trustee for Yayasan Azman Hashim, Malaysian Liver Foundation, Yayasan Tuanku Najihah and Yayasan Canselor Open University Malaysia. Tan Sri Azman is also the founder and a Council member of Azman Hashim Family (L) Foundation and Azman Hashim Charitable (L) Foundation.

Raymond Fam Chye Soon

Raymond Fam Chye Soon was appointed to the Board on 15 January 2015. He is the Chairman of the Audit and Examination Committee and a member of the Risk Management Committee of the Bank.

Mr Raymond Fam holds a master's degree in financial planning from University of Sunshine Coast, Australia and Corporate Finance qualification from the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Financial Planning Association of Malaysia.

Mr Raymond Fam is experienced in corporate finance, banking and business. He started his career with an international accounting firm over a period of six years and was the assistant general manager of the corporate finance department in CIMB Bank ("**CIMB**") from 1990 to 1992 and 1993 to early 1996. From 1992 to 1993, he was the accounting manager for a multinational engineering firm. Mr Raymond Fam left CIMB in 1996 and joined AIC Corporation Berhad, a listed manufacturing group. He was the Senior Vice President, Group Corporate Services from 1996 to 2002. He was later appointed the Deputy Chief Executive Officer of Jotech Holdings Berhad, a listed manufacturing company within the AIC Group from 2003 to 2006. He left Jotech Holding Berhad at the end of 2006 and ventured into digital media advertising and provision of consultancy services, sitting on the board of various private limited companies involved in those businesses.

Mr Raymond Fam was an Independent Non-Executive Director of AmGeneral Insurance Berhad, a subsidiary of AMMB Holdings Berhad. He was also the Chairman of the Audit and Examination Committee, Nomination and Remuneration Committee and Investment Committee, and a Member of the Risk Management Committee of AmGeneral Holdings Berhad. Mr Raymond Fam retired on 23 September 2017 after serving the Board of AmGeneral for 9 years.

Voon Seng Chuan

Voon Seng Chuan was appointed to the Board on 18 June 2015. He is the Chairman of the Risk Management Committee and a member of the Audit and Examination Committee of the Bank.

Mr Voon holds a Bachelor of Science (Honours) degree in mathematics from the University of Malaya.

Mr Voon also sits on the board of AMMB Holdings and is the Chairman of the Group Information Technology Committee and a Member of the Audit and Examination Committee, Group Risk Management Committee and Group Nomination and Remuneration Committee of AMMB Holdings.

Mr Voon has been part of the IT industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010. In his 27 years of service with IBM, he held various roles delivering all aspects of IT products and services for clients across all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for the Mid-Market Segment in Asia Pacific, being responsible for the overall business performance and client satisfaction for all Mid-Market clients. In this role, he led teams from ibm.com, business partners operations, marketing, product and services divisions to provide solutions to the Mid-Market segment. From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. In 2007, he was assigned to IBM's Asia Pacific headquarters to handle two of IBM's restructuring projects. In 2013, Mr Voon received the award of "Outsourcing Leader of the Year" by Outsourcing Malaysia. He was also a Council Member of the National ICT Association of Malaysia (PIKOM) from the periods of 1994 to1995 and 1999 to 2000.

Mr Voon is currently an Independent Non-Executive director of Mesiniaga Berhad (an IT company listed on the Main Market of Bursa Malaysia Securities Berhad) and Silverlake Axis Limited (a company listed on Singapore's Stock Exchange. He is also a Director of Corporate Learning Consortium Sdn Bhd.

Dato' Sri Abdul Hamidy Abdul Hafiz

Dato' Sri Abdul Hamidy Abdul Hafiz was appointed to the Board on 7 January 2016. He is a member of the Board Credit Committee of the Bank.

Dato' Sri Hamidy holds a bachelor's degree and a master's in business administration from Ohio University, USA. He is a Fellow Member of the Asian Institute of Chartered Bankers and a Member of the Association of Chartered Islamic Finance Professionals.

Dato' Sri Hamidy also sits on the board of AmBank Islamic Berhad, a subsidiary of AMMB Holdings as the Chairman/ Independent Non-Executive Director, and he is the Chairman of the Board Credit Committee of AmBank Islamic Berhad.

Dato' Sri Hamidy has over 30 years of banking experience in the fields of commercial and finance banking, investment banking and islamic banking. Dato' Sri Hamidy was previously the Chief Executive Officer of Kuwait Finance House (Malaysia) and the Chairman of Danajamin Nasional Berhad. He was also the

Managing Director / Chief Executive Officer of Affin Bank Berhad, Chairman of the Association of Banks Malaysia and the Managing Director of Pengurusan Danaharta Nasional Berhad.

Dato' Sri Hamidy is currently the Chairman of Eastland Equity Berhad. He also sits on the boards of Chubb Insurance Malaysia Berhad, Sime Darby Berhad and Sky Xchange Sdn Bhd. Besides his directorships in companies, Dato' Sri Hamidy also serves as the Chairman of Corporate Debt Restructuring Committee of Bursa Malaysia Securities Berhad since 2009 and as a member of the Listing Committee of Bursa Malaysia Securities Berhad since 2001.

Dr Veerinderjeet Singh A/L Tejwant Singh

Dr Veerinderjeet Singh a/l Tejwant Singh was appointed to the Board on 1 June 2017. He is a member of the Audit and Examination Committee and Risk Management Committee of the Bank.

Dr Veerinderjeet has a first-class honours degree in accounting from University of Malaya and a doctorate degree from Universiti Putra Malaysia. Dr Veerinderjeet is a member of the Malaysian Institute of Accountant ("**MIA**"), the Malaysian Institute of Certified Public Accountants ("**MICPA**") and the Chartered Tax Institute of Malaysia ("**CTIM**").

Dr Veerinderjeet had served as a tax partner / Executive Director at Arthur Andersen and Ernst & Young in Malaysia and had also served in the Malaysian Inland Revenue Department. He has over 35 years of experience in the tax profession as Inland Revenue Officer, academic, consultant, author and tax observer. Dr Veerinderjeet is a co-Founder and Chairman of Axcelasia Taxand Sdn Bhd, a boutique tax advisory firm, which is a member of the Taxand Global organisation of independent tax firms. He is also a member of the Taxand Global Board. Dr Veerinderjeet is the Non-Executive Chairman of Axcelasia Inc, a Singapore-listed holding company of various entities (including Axcelasia Taxand Sdn Bhd) offering integrated professional services.

Dr Veerinderjeet is an Independent Director on the Board of Malaysian Rating Corporation Berhad and UMW Holdings Berhad and is also a member of the Audit Committee of InvestKL. Prior to joining the Board of AmBank, he was on the Board of the Bank of Nova Scotia Berhad. In addition, Dr Veerinderjeet also serves on the Board of Trustees of the International Bureau of Fiscal Documentation (a tax research body in the Netherlands) and as a consultant editor for the Malaysian Master Tax Guide published by CCH/Wolters Kluwer.

Dr Veerinderjeet has published books and numerous articles in local and international tax, law and accounting journals. Dr Veerinderjeet has also spoken at various local and international events on tax policy and tax reforms.

U Chen Hock

U Chen Hock was appointed to the Board on 3 July 2018 as Independent Non-Executive Director. He is a Member of the Audit and Examination Committee and Risk Management Committee of AmBank.

Mr U holds a bachelor degree in economics and management (Hon) degree from the National University of Malaysia. He is a Certified Financial Planner, an accreditation awarded by the Financial Planning Standards Board, United States of America. Mr U had also attended numerous Senior Executive Leadership Programmes at INSEAD, London Business School, Duke Corporate Education and IMD during his banking career.

Mr U has more than 36 years of extensive experience in corporate, commercial, investment and consumer banking. He spent 30 years of his banking career at HSBC Group where he had held senior leadership roles in Malaysia and Taiwan and at the HSBC Group's Asia Pacific Headquarters in Hong Kong. Mr U had served as the head of Personal Financial Services ("**PFS**") at HSBC Malaysia between 2003 to 2007 and as the head of PFS, Taiwan between 2008 to 2009. He was the head of Strategy & Business Development for HSBC Amanah, Asia Pacific before leaving HSBC Group in July 2010.

Following his departure from HSBC Group, Mr U joined OSK Investment Bank Berhad ("**OSKIB**") in August 2010 where he was shortly thereafter appointed as its Chief Executive Officer. At OSKIB, Mr U drove the continued expansion and diversification of the Group's investment banking coverage outside Malaysia namely Hong Kong, Singapore, Indonesia, Thailand and Cambodia. Following the successful merger between OSKIB and RHB Investment Bank in 2013, Mr U was retained as Executive Director to head the reconstituted and expanded RHB Group International Banking Division with responsibilities for all commercial banking business activities outside Malaysia. After two years in the International Banking Division, Mr U went on to lead and drive the growth of the Group's Retail Banking business which was then its largest strategic business unit. He retired from RHB Bank in April 2017.

Mr U was also Chairman of the Financial Planning Association of Malaysia for two terms between 2005 to 2007.

Committees

Under the Bank's corporate governance structure, the Board delegates some of its duties to specific committees. In compliance with statutory requirements, the Board has established the following committees:

Overall Management

The Audit and Examination Committee

The Audit and Examination Committee has been appointed by the Board to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Bank's assets and shareholders' investments. The principal duties and responsibilities of the Audit and Examination Committee include (i) reviewing the financial statements of the Bank to ensure compliance with appropriate accounting policies and standards; (ii) reviewing the reports of both the external and internal auditors that highlight accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions have been taken by the management; (iii) reviewing the scope and audit programme of the external auditors and evaluating their findings; and (iv) reviewing the scope and audit programme of the internal auditors and reviewing the performance of the internal audit team to ensure that they have the standing to exercise independence in discharging their duties. Currently the Audit and Examination Committee consists of five members, all of whom are Independent Non-Executive Directors, and the Audit and Examination Committee is chaired by an Independent Non-Executive Director.

The Group Nomination and Remuneration Committee

The Group Nomination and Remuneration Committee is established at AMMB Group level and comprises five members, all of whom are Non-Executive Directors of AMMB Holdings and is chaired by an Independent Non-Executive Director of the Group. The Group Nomination and Remuneration Committee is responsible for:

- regularly reviewing the overall composition of the Board, in terms of the appropriate size, skills, experience, qualification and diversity in terms of gender, ethnicity and age, as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors ;
- recommending the appointment of Directors to the Board and committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board;

- assessing the performance and effectiveness of the individuals and collective members of the Board and Board Committees of AMMB Holdings and its banking subsidiaries;
- recommending a formal and transparent procedure for developing the remuneration policy for Directors, key management personnel, the Chief Internal Auditor and staff for the approval of the Board. The Committee shall ensure that compensation is competitive and consistent with the Group's culture, objectives and strategy and reflects the responsibility and commitment which goes with Board membership and key management personnel.
- overseeing the implementation of the Executives' Share Scheme ("**ESS**") in accordance with the by-laws of the ESS as approved by the shareholders of AMMB Holdings and to perform such other functions as may be requested by the Board.

The Risk Management Committee

The Risk Management Committee currently comprises four members, all of whom are Non-Executive Directors. The Risk Management Committee exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, liquidity, operational, legal and capital risks impacting the Bank. The Risk Management Committee ensures that the Board's risk tolerance level is effectively enforced and that the Bank's risk management process and procedures are in place and functioning. It also provides a mechanism through which review of high-level risk exposures can be conducted so as to ensure they are within the overall interests of the Bank and assesses the Bank's ability to accommodate risk under normal and stress scenarios.

The Board Credit Committee

The Board Credit Committee comprises of two members, both of whom are Non-Executive Directors. The Board has established the Committee to assist in ensuring the credit facilities and commitments, and connected party credit transactions are approved in accordance with policies approved by the Board.

AMMB Group Internal Audit Department

The AMMB Group Internal Audit team functions under a charter from the AEC that gives it unrestricted access to review all activities of the Group. The Head of the AMMB Group Internal Audit team reports to the AEC. The internal auditing function is conducted on a Group-wide basis to ensure consistency in the control environment and the application of policies and procedures.

The AEC approves the annual audit work plan and a risk-based audit approach is used to ensure that higher risk activities in each business unit are audited each year. The results of each audit are submitted to the AEC and significant findings are discussed during AEC meetings. The minutes of AEC meetings are formally tables to the Board for notation and action, where necessary. The audit plan is reviewed on an annual basis taking into account the changing financial significance of the business and risk environment faced by the Group.

The audit function covers all major business groups and consists of five main categories of work:

- Planned audits
- Systems development review of major IT infrastructure projects
- Special focus reviews
- Mandatory audits
- Ad-hoc reviews and special assignments

Amongst others, the audit plan covers reviews of the adequacy of the following areas:

- Risk management
- Quality of assets
- Operational controls
- Financial controls
- Customer service
- Compliance with laws and regulations
- Management efficiency
- Lending practices
- Information technology
- Data centres and network security

The AMMB Group Internal Audit team plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities. The AMMB Group Internal Audit team also works collaboratively with the external auditor to ensure a comprehensive audit scope. The Group Internal Audit team also perform investigations and special reviews, and participates in major system development initiatives and project committees to advise on risk management and internal control measures.

Senior Management

The senior management of the Group as at the date of this Offering Circular is set forth below:

Name	Position Description
Dato' Sulaiman Bin Mohd Tahir......................................	Group Chief Executive Officer
Mr Eqhwan Mokhzanee Bin Muhammad	CEO AmBank Islamic
Mr Seohan Soo	CEO, AmInvestment Bank Berhad
Ms Raja Maimunah Binti Raja Abdul Aziz	Managing Director, Wholesale Banking
Mr Yap Huey Wen...	Managing Director, Business Banking
Ms Jade Lee Gaik Suan..	Managing Director, Retail Banking
Datuk Iswaraan A/L Suppiah	Group Chief Operations Officer
Mr Jeroen Petrus Margaretha Maria Thijs........................	Group Chief Risk Officer
Ms Faradina Binti Mohammad Ghouse	Group Chief Compliance Officer
Ms Penelope Gan Mei Lynn	Group Chief Human Resource Officer
Mr Shamsul Bahrom Bin Mohamed Ibrahim...................	Group Chief Internal Auditor
Mr Ling Fou-Tsong @ Jamie Ling………………………	Group Chief Financial Officer
Mr Derek Llewellyn Roberts……………………………..	CEO AmGeneral Insurance Berhad

Employees

As at 30 June 2018, the Group had approximately 10,560 employees.

Related Party Transactions

From time to time, the Group enters into transactions with affiliates or related parties. The Group's policy is that such transactions are made on an arm's-length basis on no less favourable terms than if such transactions were carried out with unaffiliated third parties. For details of related party transactions see the notes of the financial statements included in, or incorporated by reference in, this Offering Circular.

SUPERVISION AND REGULATION

Banking Regulation and Supervision

The Bank is regulated by BNM, which was established on 26 January 1959 pursuant to the Central Bank of Malaya Ordinance, 1958 (renamed the Central Bank of Malaysia Act, 1958, which has been repealed by the Central Bank of Malaysia Act, 2009 on 25 November 2009) as the central bank of Malaysia. BNM is directly involved in the regulation and supervision of Malaysia's financial system. Its principal functions are to:

- formulate and conduct monetary policy in Malaysia;
- issue currency in Malaysia;
- regulate and supervise financial institutions which are subject to the laws enforced by 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.

BNM and the Minister of Finance of Malaysia (the "**MOF**") have extensive powers under the FSA and the IFSA. The FSA is the principal statute that sets out the laws for, amongst others, the regulation and supervision of financial institutions in Malaysia and the IFSA is the principal statute that sets out the laws for, amongst others, the regulation and supervision of Islamic financial institutions in Malaysia. In addition to the FSA and the IFSA, Malaysian licensed banks and Islamic banks are subject to guidelines issued by BNM from time to time.

The following discussion sets out information with respect to some regulations of the banking industry in Malaysia:

Licensing and Limitation of Business Activities of Banks

Under the FSA, banking business, which is defined to include the business of deposit taking and provision of financing, can only be conducted by a public company which has obtained a licence from the MOF on the recommendation of BNM.

Similarly, under the IFSA, Islamic banking business, which is generally defined as banking business carried out in accordance with Shariah principles, can only be conducted by a public company which has obtained a licence from the MOF on the recommendation of BNM.

Banks are also subject to a number of other restrictions on the operation of their business. Amongst others, a bank may not: (i) pay any dividend on its shares except with the prior written approval of BNM or where BNM has specified standards on prudential matters permitting the declaration of payments of any dividend; (ii) grant any credit facilities to any of its directors or officers except as permitted by prescribed regulation; (iii) except as permitted under the FSA, the IFSA (as the case may be) or by prescribed regulation, establish or acquire a subsidiary in or outside Malaysia or acquire or hold any material interest in any other corporation without the prior written approval of BNM; and (iv) establish or relocate an office (including a branch) in or outside Malaysia except with the prior written approval of BNM.

Statutory Reserves

BNM requires Malaysian banks to maintain a sum equivalent to the SRR in the form of non-interest bearing reserves with BNM. The SRR is currently set at 3.5 per cent. of total eligible liabilities.

Capital Adequacy Requirements

BNM has issued the Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) on 2 February 2018 (collectively, the "**Frameworks**") which set out the general capital adequacy regulatory requirements for conventional banks and Islamic financial institutions respectively. Both conventional and Islamic financial institutions are required to comply with the Frameworks.

The Frameworks specify the following minimum capital adequacy ratios (capital components to total RWA) that shall be maintained at all times:

Calendar Year	Common Equity Tier 1 Ratio (per cent.)	Tier 1 Capital Ratio (per cent.)	Total Capital Ratio (per cent.)
2018 onwards	4.5	6.0	8.0

The total RWA shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or the Capital Adequacy Framework (Basel II – Risk Weighted Assets) for Islamic Banks, as the case may be.

Further, the Frameworks specify certain capital buffer requirements which must be complied with by 2019 with certain transitional arrangements.

Single Counterparty Exposure Limit

Pursuant to the Single Counterparty Exposure Limit guidelines and the Single Counterparty Exposure Limit for Islamic Banks guidelines issued by BNM which came into effect on 9 July 2014, banks are prohibited from extending credit facilities to a single counterparty (including the exposure to any group of persons connected to such single counterparty but shall not include any exposure to, and any exposure explicitly guaranteed by, BNM or the Government) in excess of 25 per cent. of the total capital of the bank (total capital has the same meaning assigned to it in the relevant Framework), subject to certain exemptions.

The single counterparty exposure limit is exempted for the following:

- 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;
- 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;
- exposures arising from granting of intra-day facilities; and
- exposures deducted in the calculation of a banking institution's total capital or an Islamic banking institution's total capital (as the case may be) as specified in regulatory adjustments of the relevant Frameworks such as investments in financial subsidiaries.

Lending to Connected Parties

Effective 1 January 2008, BNM revised the "Guidelines on Credit Transactions and Exposures with Connected Parties" and "Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks" (collectively the "**Connected Parties Guidelines**") to provide greater flexibility for licensed institutions, including banks, to extend credit and make investments in the ordinary course of business to/in connected parties which are of good credit standing, while ensuring that connected parties, who by virtue of their positions which could potentially exert influence over the credit approval process, do not inappropriately derive more favourable terms and conditions than other loan customers. The current Connected Parties Guidelines (issued on 16 July 2014) sets out the broad parameters and conditions relating to the conduct of such transactions with connected parties to ensure an appropriate level of prudence. It also outlines the roles and responsibilities of the management and the board of the licensed institution.

Corporate Appointments

Under the FSA and the IFSA (as the case may be), the appointment of directors, chief executive officer ("**CEO**"), and the chairman of a bank is subject to the prior written approval of BNM. A person is disqualified from being appointed or elected, or reappointed or re-elected as a chairman of the Board or a director or a CEO of a bank if, for example, that person is an undischarged bankrupt, has suspended payments or has compounded with his creditors whether in or outside of Malaysia; a charge for a criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against that person; that person is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 199 of the Malaysian Companies Act, 2016 and has not obtained any leave of the court under the same section; or under any law relating to prevention of crime, drug trafficking or immigration, an order of detention, supervision, or deportation has been made against that person or any form of restriction or supervision by bond or otherwise, has been imposed on that person. BNM may specify fit and proper requirements to be complied with by a chairman or a director or a CEO of a bank, which may include minimum criteria relating to probity, personal integrity and reputation, competency and capacity, and financial integrity.

BNM expects banks to have in place effective corporate governance arrangements consistent with the long-term viability of the bank. BNM revised and issued its Guidelines on Corporate Governance on 3 August 2016 which supersede the Guidelines on Corporate Governance for Licensed Institutions previously issued on 19 June 2013. The Guidelines on Corporate Governance (subject to certain transitional arrangements set out below) came into effect on 3 August 2016 and set out strengthened expectations on directors' oversight responsibilities and the composition of the Board. Amongst others, the Guidelines on Corporate Governance provide that:

- the Board of a bank has overall responsibility for promoting the sustainable growth and financial soundness, and for ensuring reasonable standards of fair dealing, without undue influence from any party;
- the Board and Board committees of a bank must be of a size that promotes effective deliberation, encourages the active participation of all directors and allows the work of the various board committees to be discharged without giving rise to an over-extension of directors that are required to serve on multiple Board committees;
- the Chairman of the Board must not be an executive, and must not have served as CEO of the bank in the past five years;
- the Board of a bank must have a majority of independent directors by 3 August 2021;

- there should not be more than one executive director on the Board of a bank unless BNM approves otherwise in writing;
- the terms of the appointment of a director must include provisions for the removal of a director who no longer meets the minimum requirements for his appointment, or has been assessed to be ineffective, errant or otherwise unsuited to carry out his responsibilities; and
- a director of a bank must not be an active politician.

BNM is also empowered under the FSA and the IFSA (as the case may be) to remove any director of a bank if BNM is of the opinion that the director of the bank no longer fulfils the fit and proper requirements specified under the FSA or the IFSA (as the case may be) and fails to cease holding such office or acting in such capacity or the director has breached, contravened or failed to comply with or, by action or negligence, has contributed to the breach or contravention of, or non-compliance with any provision of the FSA or the IFSA (as the case may be), a direction issued by BNM or an enforceable undertaking accepted by BNM.

Interest Rate Regulation

On 18 August 2016, BNM issued the revised Reference Rate Framework to replace the previous framework issued on 12 December 2014. Under the revised framework, all banks are required to formulate their board-approved Base Rate methodology, which is to be duly approved by BNM. The Base Rate is used as the reference rate for pricing retail loans and is to be determined based on the banks' own benchmark cost of funds and the statutory reserve requirement. The benchmark cost of funds should reflect the banks' respective funding strategies and the marginal funding cost. The purpose of using the benchmark cost of funds in setting Base Rate is to ensure more effective transmission of monetary policy to lending rates for retail loans. When a bank makes adjustments to the Base Rate, a corresponding adjustment to the base lending rate ("**BLR**") is also made. As such, banks are required to display both their Base Rate and BLR at all branches and on their corporate websites.

Exchange Control Policy

Malaysia has historically maintained a liberal system of exchange controls. Prior to September 1998, the few exchange control rules that were in place were aimed at monitoring the settlement of payments and receipts for compilation of balance of payments statistics and to ensure that funds raised abroad were channelled to finance productive investments in Malaysia which either directly or indirectly generate foreign exchange.

On 1 September 1998, the Government introduced a series of selective exchange control measures. These measures were designed to eliminate the internationalisation of the Malaysian Ringgit to contain speculation and to stabilise short-term capital flows. On 2 September 1998, the exchange rate was fixed at RM3.80 to U.S.$1.00. With effect from 22 July 2005, the exchange rate had been allowed to operate in a managed float by BNM with its value being determined by various economic factors. BNM will monitor the exchange rate against a currency basket.

With the coming into effect of the FSA and the IFSA, BNM has on 28 June 2013 revoked all previous exchange control notices and related circular letters and issued 7 Foreign Exchange Administration notices ("**FEA notices**") in exercise of the powers conferred to BNM under the FSA and IFSA. The FEA notices set out transactions permitted by BNM which are otherwise prohibited under the FSA and the IFSA. The FEA notices, which remains liberal, are prudential measures aimed at further developing the domestic financial market and enhancing competitiveness of the economy of Malaysia through the creation of a more supportive and facilitative environment for trade, business and investment activities.

Priority Sector Lending Guidelines

Under BNM's guidelines on Lending/Financing to the Priority Sectors 2015-2016 (issued on 26 December 2014), banking institutions, including the Bank, are required to internally set and submit to BNM their lending/financing targets for the following sectors:

- lending/financing to SMEs with at least 50 per cent. comprising Bumiputera SMEs; and
- lending/financing for affordable housing below RM250,000 for the lower- to middle-income group.

Under the guideline on lending/financing to SMEs, SMEs as defined by SME Corp Malaysia, are domestic business enterprises with annual sales turnover not exceeding RM50 million and not more than 200 full-time employees for manufacturing and the manufacturing-related services sector and annual sales turnover not exceeding RM20 million and not more than 75 full-time employees for services and other sectors. The guidelines also identified the following SME sub-sectors for individual monitoring by BNM:

- agriculture; and
- new growth areas, which includes: (a) green technology; (b) biotechnology; and (c) innovative sector.

The agriculture subsector includes, amongst others activities, growing of crops, market gardening, horticulture, livestock farming, forestry and logging, and fishing operations. The green technology subsector covers SMEs that have obtained a valid "Green Project Financing Recommendation Certificate" from Malaysian Green Technology Corporation. The biotechnology subsector covers SMEs that have obtained a BioNexus status from Malaysian Biotechnology Corporation. The innovative subsector refers to:

- SMEs with intellectual property rights, where such intellectual property rights are registered with the Intellectual Property Corporation of Malaysia;
- SMEs that have obtained the 1-InnoCERT certification from SME Corporation Malaysia; and
- SMEs in Information Communications & Technology that have obtained MSC-status from Multimedia Development Corporation.

The housing-related guidelines cover houses costing up to RM250,000 for Peninsular Malaysia and an additional 20.0 per cent. on the value of houses for the states of Sabah and Sarawak. Under the housing loan lending guideline, the maximum prescribed interest rate on housing loan lending is Base Rate plus 2.5 per cent. for commercial banking institutions and a maximum profit rate of 9.0 per cent. for Islamic banking institutions.

Powers of Enforcement

BNM has broad powers to enforce the FSA and the IFSA. In particular, where BNM is of the opinion that in respect of a bank:

- the bank has breached or contravened any provision of the FSA, IFSA, the Central Bank of Malaysia Act, 2009 or any written law, regardless that there has been no prosecution or other action in respect of the breach or contravention;
- 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);
- the assets of the bank are not sufficient to give adequate protection to its depositors or creditors, as the case may be;

- 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;
- 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
- 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:

- 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;
- 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;
- 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;
- with the approval of MOF provide financial assistance to another institution or any other person to purchase any shares, or the whole or any part of the business, assets or liabilities of the bank; or
- recommend to the MOF and on such recommendation, the MOF may authorize BNM to file an application for the winding up of the bank.

BNM also has the power to issue a direction of compliance to a bank, its director, CEO or senior officer if BNM is of the opinion that the bank, its director, CEO or senior officer is committing or pursuing an unsafe act or unsound practice in conducting the business of the bank and/or has failed to manage its business and affairs in a manner that is consistent with sound risk management and good governance. If the bank, its director, CEO or senior officer fails to comply with any such direction of compliance, it will be an offence and upon conviction, shall be liable to imprisonment for a term not exceeding 10 years or to a fine not exceeding RM50 million or both.

Inspections by BNM

BNM is empowered to examine, without any prior notice, the business and affairs of a bank and its offices, related corporations and any agents of the bank in or outside Malaysia. For this purpose, BNM may also examine such persons' directors, officers or controllers, and shall have access to the bank's documents including documents of title to its assets, all securities held by it in respect of its customers' transactions and investments held by it, cash, premises, apparatus, equipment or machinery, and the bank shall produce to BNM all such documents or cash, as BNM may require within such time as BNM may specify.

Deposit Insurance

Deposit insurance is a system established by the Government to protect depositors against the loss of their deposits in the event a member institution is unable to meet its obligations to depositors. As an integral component of an effective financial safety net, a deposit insurance system enhances consumer protection by providing explicit protection to depositors.

In Malaysia, the deposit insurance system was brought into effect in September 2005 and is managed by PIDM. PIDM is an independent statutory body established under the Malaysia Deposit Insurance Corporation Act 2005 ("**PIDM Act**").

Benefits to insurance depositors include:

- PIDM insures depositors holding insured deposits with member institutions;
- deposit insurance is automatic;
- there are no direct costs to depositors for deposit insurance protection; and
- should a member institution fail, PIDM will promptly reimburse depositors up to the limit of the deposit insurance coverage provided under the PIDM Act.

Benefits to the financial system include:

- PIDM promotes public confidence in Malaysia's financial system by protecting depositors against the loss of their deposits;
- PIDM reinforces and complements the existing regulatory and supervisory framework by providing incentives for sound risk management in the financial system;
- PIDM minimises costs to the financial system by finding least cost solutions to resolve failing member institutions; and
- PIDM contributes to the stability of the financial system by dealing with member institution failures expeditiously and reimbursing depositors as soon as possible.

With effect from 31 December 2010, the Malaysia Deposit Insurance Corporation Act 2011 ("**2011 Act**") came into effect and replaced the PIDM Act.

The 2011 Act was enacted to implement an enhanced financial consumer protection package, whereby, amongst others, the deposit insurance limit was increased to RM250,000 per depositor per member bank. In addition, under the 2011 Act, foreign currency deposits will now benefit from deposit insurance protection.

The enhanced financial consumer protection package also includes the expansion of PIDM's mandate to include the administration of the Takaful and Insurance Benefits Protection System ("**TIPS**"). TIPS is an explicit, limited Government protection system which covers takaful and insurance benefits and will be administered broadly along the same approach as provided for in the current deposit insurance system.

Licensed insurance companies and registered takaful operators ("insurer members") will automatically become member institutions of PIDM. In addition, the 2011 Act includes powers for PIDM to intervene in or resolve troubled insurer members and ensure prompt payments to claimants under the policies or takaful certificates protected under TIPS.

The 2011 Act widens PIDM's mandate, roles and responsibilities, and provide it with a wider toolkit to fulfil its mandate to protect depositors in the event of a member institution failure.

Guidelines on Investor Protection

The Guidelines on Investor Protection, which took effect on 17 December 2010 and was jointly issued by BNM and the SC, sets out the requirements that must be complied with by financial institutions which are specified as "registered persons" in Part 1 of Schedule 4 pursuant to Section 76(1)(a) of the CMSA and their employees when carrying on permitted capital market activities. Registered persons must ensure that their employees who carry out permitted capital market activities on their behalf are "fit and proper" as well as maintain a register containing the names of such employees. The standard on “fit and proper” is met through compliance with (i) minimum “fit and proper” criteria, (ii) examination requirements, and (iii) continuing professional education requirements. A registered person shall also maintain adequate operational resources and efficient procedures necessary for the proper conduct of the permitted capital market activities at all times. Non-compliance of the Guidelines on Investor Protection may result in an action being instituted against the registered person or its employees by BNM or the SC.

Guidelines on Responsible Finance

On 18 November 2011, BNM introduced guidelines to financial institutions aimed at promoting prudent, responsible and transparent retail financing practices. BNM subsequently issued revised guidelines to financial institutions on 5 July 2013 (“**Guidelines on Responsible Finance**”). The Guidelines on Responsible Finance complement other measures that promote better protection for financial consumers and a sustainable credit market that contributes towards preserving financial and macro-economic stability.

The Guidelines on Responsible Finance require financial institutions to make assessments of a borrower's ability to afford financing facilities based on a prudent debt service ratio as inputs to their credit decisions. Financial service provider must make appropriate enquiries into a prospective borrower's income after statutory deductions for tax and contributions to the Employees Provident Fund and Social Organisation Security, and consider all debt obligations, in assessing affordability. While this is consistent with the current practice of most financial institutions, the Guidelines on Responsible Finance facilitates a sharper focus and more consistent approaches across the industry to assessments of individual affordability. The Guidelines on Responsible Finance aims to ensure that the increasingly competitive conditions will not lead financial institutions to compromise prudent and responsible financing practices. The Guidelines on Responsible Finance also stipulate that the maximum tenor for vehicle financing applications should not exceed nine years.

Additionally, the Guidelines on Responsible Finance aims to encourage sound borrowing decisions by consumers through better engagements with financial institutions that will help consumers carefully consider their ability to service all their debt obligations without recourse to further debt or substantial hardship. Clear expectations are also placed on financial institutions to ensure that consumers are treated fairly in the sales, marketing and administration of financing facilities. Financial institutions are also required to at least provide consumers with specific information on, amongst others, the total repayment amount and total interest cost as well as the impact of an increase in the financing rate to ensure that consumers understand the full implications of a borrowing decision. BNM will continue its surveillance and supervisory activities to ensure that the requirements under the Guidelines on Responsible Finance are properly implemented.

Winding-Up of the Issuer

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

MALAYSIAN ECONOMY

The following information regarding Malaysia is included for information purposes only and has not been independently verified by the Issuer, any of the Arrangers or Dealers or any of their respective affiliates or advisers. All of the data and information contained below has been obtained from publicly available official sources in Malaysia and neither the Issuer nor any of the Arrangers or Dealers take any responsibility for the accuracy of such information.

2017 marked a year of strong economic rebound, with the global economy recording its highest growth rate since 2011. Growth in world trade exceeded that of global GDP for the first time in three years. The pickup in economic growth was broad-based across the advanced and emerging market economies. In the advanced economies, economic growth was driven mainly by robust investment activity amid stronger domestic demand, while political uncertainties that had lingered throughout the year had little impact on the growth trajectory. In Asia, the growth momentum was supported by the recovery in global trade and was anchored by strong domestic demand. Reflecting the resurgence in global growth, international financial markets performed strongly, while market volatility remained low despite uncertainties surrounding geopolitical tensions. While global headline inflation rates edged up during the year, reflecting improved global demand conditions and the recovery in commodity prices, underlying inflation remained muted in many countries.

Despite the synchronised nature of the global growth recovery, the stance of monetary policies globally diverged. In the advanced economies, monetary policy was generally tilted towards gradual normalisation, permitted by the climate of strong economic growth. The U.S. Federal Reserve and the Bank of England raised their respective policy rates while the European Central Bank announced a reduction in its asset purchases. Contrary to the advanced economies, several Asian economies, such as Indonesia and India, turned to a more accommodative stance amid waning inflation. Alongside monetary policy, some advanced economies also deployed fiscal policies to bolster macroeconomic fundamentals. In Asia, policymakers continued to pursue structural reforms to strengthen resilience and fortify sustainable growth prospects.

Against a background of broad-based global recovery and the relatively low volatility in the international financial markets, the Malaysian economy performed strongly in 2017.

The Malaysian Economy in 2017

In 2017, the Malaysian economy recorded a robust growth of 5.9 per cent. (2016: 4.2 per cent.), supported by faster expansion in both private and public sector spending. A key highlight for the year was the rebound in gross exports growth as global demand strengthened. This was due mainly to higher demand from major trading partners following the upswing in the global technology cycle, investment expansion in the advanced economies and the turnaround in commodity prices. Altogether, the global technology upturn translated into robust demand for electronics and electrical ("**E&E**") products while the stronger regional demand and the revival in investment activity in the advanced economies lifted exports of non-E&E products. Commodity exports also turned around in 2017, supported largely by the recovery in major commodity prices.

While real GDP growth was boosted by the external sector, domestic demand continued to anchor growth. In particular, private consumption growth strengthened to 7.0 per cent. in 2017 (2016: 6.0 per cent. supported mainly by continued wage and employment growth, with additional impetus from Government measures. Public consumption grew by 5.4 per cent. (2016: 0.9 per cent. due to higher spending on supplies and services by the Federal Government amid sustained growth of emoluments. Gross fixed capital formation grew at a faster pace of 6.2 per cent. (2016: 2.7 per cent.), driven by improvements in both public and private investments. Public investment recovered to grow at 0.1 (2016: -0.5 per cent.), supported by continued spending by the General Government and public corporations. Private investment growth accelerated to 9.3 per cent. (2016: 4.3 per cent.), as firms benefited from the conducive external and domestic operating environment.

On the supply side, most sectors registered higher growth in 2017. The performance of the two largest sectors, services and manufacturing, benefited from marked improvements in domestic and external conditions, growing at 6.2 per cent. and 6.0 per cent., respectively (2016: 5.6 per cent. and 4.4 per cent.). The construction sector recorded a moderate growth of 6.7 per cent. (2016: 7.4 per cent.), while growth in agriculture production rebounded to 7.2 per cent. (2016: -5.1 per cent.). Growth in the mining sector, however, moderated to 1.1 per cent. (2016: 2.2 per cent.), reflecting the voluntary crude oil supply adjustments by PETRONAS, in line with the Organization of the Petroleum Exporting Countries agreement to limit oil production until end-2018. Labour market conditions improved with stronger employment gains keeping pace with labour force expansion. The labour force expanded by 303,000 people, while net employment gains amounted to 295,000 jobs, mostly driven by high- and mid-skilled workers. The unemployment rate during the year remained stable at 3.4 per cent. (2016: 3.4 per cent.). The labour force participation rate edged higher to 67.8 per cent. (2016: 67.7 per cent.) and employment growth tripled to 2.1 per cent. (2016: 0.7 per cent.), as employers were optimistic about the business outlook and thus continued to expand their workforce accordingly. The number of documented unskilled and semi-skilled foreign workers in Malaysia decreased during the year, with its share of the labour force correspondingly declining to 12.0 per cent. from 12.7 per cent. at end-2016. Aggregate nominal wages in the private and public sectors grew by 6.4 per cent. and 6.2 per cent., respectively in 2017 (2016: 4.3 per cent. and 6.4 per cent.).

Headline inflation increased to 3.7 per cent. in 2017 (2016: 2.1 per cent.). Inflation remained volatile during the year and was primarily driven by higher domestic fuel prices. Higher global commodity prices and disruptions in domestic food supplies also contributed to the higher inflation. This, however, was mitigated by the stronger ringgit exchange rate since April 2017, which helped contain the rise in production costs for domestic goods. Core inflation was also higher in 2017, averaging at 2.3 per cent. for the year (2016: 2.1 per cent.). Nevertheless, demand-driven inflationary pressures remained largely stable given the lack of persistent tightness in capital stock and the absence of significant wage pressures.

Malaysia’s external position improved considerably in 2017, benefiting from the favourable global economic landscape and relatively lower volatility in the international financial markets. Malaysia recorded a higher current account surplus, largely due to a higher goods surplus following the strong export performance, which more than offset widening deficits in the services and primary income accounts. Gross exports rebounded to grow strongly by 18.9 per cent. (2016: 1.2 per cent.), driven mainly by export volumes, particularly in manufactured exports. Gross imports also registered double-digit growth of 19.9 per cent. (2016: 1.9 per cent.), mainly reflecting higher imports of intermediate goods, capital goods, and goods for re-exports. The increase in imports was in line with the robust manufacturing exports, more rapid investment in the manufacturing and services sectors, and robust global demand.

During the year, the financial account of the balance of payments registered a net inflow of RM2.3 billion (2016: net outflow of RM1.1 billion). These inflows were driven mainly by continued foreign direct investment inflows, and a resumption of portfolio investments by non-residents, amid continued acquisitions of financial assets abroad and long-term investments by resident banks, institutional investors, and fund managers. These developments reflected significant cross-border capital flows driven by robust domestic growth, improvement in global growth prospects and lower volatility in the financial markets during the year.

The international reserves of BNM amounted to U.S.$102.4 billion as at end-2017 compared to U.S.$94.5 billion as at end-2016. As at 15 March 2018, international reserves amounted to U.S.$103.9 billion. The international reserves remained adequate to facilitate international transactions and sufficient to finance 7.3 months of retained imports and is 1.1 times the short-term external debt. Of note, the wide range of monetary policy instruments, exchange rate flexibility and resilient financial markets have enabled the economy to reduce its reliance on the Bank’s international reserves in managing external pressures.

Malaysia’s external debt declined to RM883.4 billion as at end-2017, equivalent to U.S.$215.5 billion or 65.3 per cent. of GDP (2016: RM 916.1 billion, equivalent to U.S.$202.3 billion or 74.5 per cent. of GDP). The decline was mainly attributed to valuation effects following the strengthening of the ringgit against most currencies during the year. Excluding valuation effects, Malaysia's external debt increased by 1.4 per cent. of GDP, mainly on account of increases in interbank borrowing and non-resident deposits. Risks arising from external debt remained manageable, mitigated by its currency and maturity profiles. More than a third of external debt s denominated in ringgit (34.3 per cent.), mainly in the form of non-resident holdings of domestic ringgit debt securities and ringgit deposits in domestic banking institutions. These liabilities are not subject to valuation changes from the fluctuations in the exchange rate. The remaining portion of total external debt of RM580.7 billion (65.7 per cent. share) is denominated in foreign currency, and is subject to prudential and hedging requirements on banking institutions and corporations. In terms of maturity, more than half of the total external debt is skewed towards medium- to long-term tenures (57.3 per cent. of total external debt), indicating limited rollover risks. Additionally, not all short-term external debt poses a claim on reserves.

Overall, the fundamentals of the Malaysian economy continued to strengthen. Structural policies carried out over the decades have resulted in a highly open and diversified economy with multiple sources of growth. Improving labour market conditions amid faster wage growth continued to support household spending. Healthy financial institutions and sufficient domestic liquidity also ensured orderly financial intermediation. Furthermore, Malaysia's external position remained strong and well-protected from a sharper depreciation, supported by sufficient international reserves and manageable levels of external debt.

Despite the strong growth in 2017, structural reforms remained a priority to strengthen economic fundamentals and to safeguard the sustainability of the growth momentum. These include efforts to enhance domestic value-added in production and exports, promote higher quality domestic and foreign investments, raise productivity and cultivate a future-ready quality labour force.

Economic and Monetary Management in 2017

The Monetary Policy Committee ("**MPC**") kept the Overnight Policy Rate ("**OPR**") unchanged at 3.00 per cent. throughout 2017, with the focus on ensuring that the growth of the Malaysian economy remained entrenched amid contained inflation. During the year, the MPC actively assessed the stance of monetary policy to ensure it remained consistent with the evolving prospects of growth and inflation. In particular, the downside risks to domestic growth from the external environment that was prevalent in the beginning of the year receded over time amid a more broad-based and synchronised upturn in global growth. This resulted in a stronger domestic economic growth compared to the initial forecast. Inflation remained contained as the robust domestic demand was mitigated by some degree of spare capacity in the labour market and capital stock.

The MPC was also vigilant against a build-up of risks that could arise from a prolonged period of low interest rates. During the course of the year, it became increasingly evident that economic conditions that warranted the previous OPR reduction in 2016 had vastly improved. Consequently, in November, the MPC communicated in the Monetary Policy Statement its consideration for a potential review of the degree of monetary accommodation, which would reflect a normalisation from the previous monetary accommodation in July 2016, rather than a tightening of monetary conditions.

The ringgit, along with most major and regional currencies, strengthened against the U.S. dollar in 2017. The ringgit appreciated by 10.4 per cent. to end the year at RM4.0620 against the U.S. dollar after experiencing four consecutive years of depreciation. The ringgit was also one of the best-performing regional currencies despite intermittent depreciation due to "risk-off" events during the year. The strength of the ringgit reflected the better-than-expected GDP growth performance, positive investor sentiments following further liberalisation of the Malaysian financial markets, and positive global developments. In the first quarter of 2017, the appreciation of the ringgit was limited due to lingering investor concerns over the prospects of the Malaysian financial markets. The uncertainties mainly reflected the misperceptions regarding the liberalisation measures introduced by the Financial Markets Committee ("**FMC**") in December 2016, and the lack of understanding of the onshore hedging facilities by foreign investors. In the subsequent periods, sentiments on the ringgit and the Malaysian financial markets improved significantly, driven mainly by positive domestic developments. The ringgit appreciated 9.0 per cent. against the U.S. dollar from the second quarter onwards.

In addition, the ringgit was one of the least volatile regional currencies despite intermittent periods of depreciation pressure due to the occasional prevalence of "risk-off" sentiments in the global financial markets. The stability of the ringgit was a manifestation of the effectiveness of the financial market development measures introduced by the FMC in late 2016 and 2017. These measures resulted in improved liquidity in the domestic foreign exchange market and the decline in the volatility of the ringgit against the U.S. dollar. The ringgit also experienced more balanced demand and supply after the introduction of the export conversion measure. The Bank also took steps to address some of the misperceptions and concerns about Malaysia that have resulted in excessive movements of the ringgit, in particular regarding its oil-dependency, adequacy of international reserves, and the Government's fiscal position.

In 2017, Malaysian Government Securities ("**MGS**") yields declined amid sustained non-resident inflows and strong support from domestic institutional investors, underpinned by Malaysia's strong economic performance during the year. During the first quarter of 2017, the bond market experienced large non-resident outflows due mainly to the unwinding of short-term speculative positions held by non-resident financial institutions and short-term asset managers following the introduction of the FMC measures and the U.S. presidential election in late 2016. The subsequent quarters saw a resumption of non-resident inflows to the domestic bond market amid improved investor sentiments following Malaysia's strong economic performance as the year progressed. The second series of FMC initiatives introduced in April 2017 to improve market accessibility and hedging flexibilities, coupled with active engagements by the Bank with market participants to reduce misperceptions on earlier measures, also supported the bond market. This resulted in a downward trend in MGS yields during the period.

Monetary operations in 2017 remained focused on maintaining stability in the interbank market. In the first quarter, the slight moderation in domestic liquidity arising from capital outflows was offset by liquidity injection operations through the reverse repo and foreign exchange swap facilities. Following the resumption of capital inflows from the second quarter onwards, the Bank was able to reduce its liquidity injection operations. Overall banking system liquidity remained sufficient to support the financial intermediation process.

Net financing to the private sector expanded by a faster pace of 6.4 per cent. in 2017 (2016: 5.5 per cent.), driven by financing through the corporate bond market, which recorded the strongest growth since 2012. However, growth of outstanding loans to both households and businesses moderated during the year. The lower business loan growth was broad-based, reflecting a larger increase in loan repayments relative to the increase in disbursements. Growth in household debt continued its moderating trend.

Outlook for the Malaysian Economy in 2018

The global economy is projected to expand at a faster pace in 2018, driven largely by private consumption and boosted by investment activity in the advanced economies. In Asia, trade activity will continue to expand, albeit at a more moderate pace. Financing conditions are likely to remain accommodative despite the ongoing normalisation of global monetary policy. In the advanced economies, the strength of investments is likely to persist through 2018 and Asian economies will continue to benefit from positive spillovers from the external sector. Other emerging market economies are also likely to see a pickup in growth, while commodity exporters will observe a rebound in domestic demand due to higher global crude oil prices. Overall, risks to the global outlook are poised to become more broadly balanced. Nevertheless, several downside risks stemming from 2017 linger. These include uncertainties surrounding the effects of a synchronised monetary policy normalisation across major economies, the inward-looking trade policies that threaten international trade, in addition to geopolitical risks that could adversely affect sentiments in global financial markets.

Amid the stronger global economic conditions, the Malaysian economy is projected to grow by 5.5 per cent. - 6.0 per cent. in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Income growth will be supported by a robust export performance and continued Government measures, such as the continuation of Bantuan Rakyat 1Malaysia cash transfers, individual income tax reduction, and the special payment to all civil servants and retirees. Private investment growth will also be sustained, underpinned by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Public sector expenditure is projected to decline due to the contraction in public investment amid more moderate growth in public consumption.

Apart from domestic demand, GDP growth will also be supported by the favourable external demand conditions. Both gross exports and imports are forecasted to grow at above-average trends in 2018. Exports will be lifted by favourable demand from major trading partners, the continued expansion in the global technology upcycle, increase in domestic productive capacity and broadly sustained global commodity prices. Despite the projected higher goods surplus of the current account, deficits in the services and income accounts will continue to weigh on the current account balance. Overall, the current account balance is expected to record a surplus of between 2.0 per cent. – 3.0 per cent. of GNI in 2018.

Labour market conditions are expected to remain favourable and supportive of growth, driven by continued robust economic activity and better hiring sentiments. Employment will continue to expand while the growth in job creation will be sufficiently robust to accommodate new entrants into the workforce. As such, the unemployment rate is expected to be relatively unchanged. Looking ahead, several reforms undertaken such as the implementation of the Employment Insurance System and the Employers Undertaking, and an impending review of the minimum wage, will position the nation’s labour market on a more competitive and resilient path, and improve the overall well-being of Malaysia’s workforce.

On the supply side, all economic sectors are forecasted to expand in 2018. The services and manufacturing sectors will continue to be the key drivers of overall growth. The construction sector is expected to register a stronger expansion, driven by large new and existing multi-year civil engineering projects. Growth in the mining sector is also projected to be higher, reflecting the continued pickup in natural gas production. The agriculture sector is expected to register a more moderate growth, following the exceptional post-El Niño crude palm oil production recovery in 2017.

Headline inflation is projected to moderate in 2018, averaging between 2.0 per cent. and 3.0 per cent. The lower inflation compared to 2017 is due mainly to an expected smaller contribution from global energy and commodity prices. A stronger ringgit exchange rate compared to 2017 would also mitigate import costs. Inflationary pressure from domestic demand factors will be contained by improving labour productivity and ongoing investments for capacity expansion. The inflation outlook, however, depends on the trajectory of global oil prices, which remains highly uncertain.

Overall, the economic outlook is marked by several upside risks to growth. This includes stronger-than-expected global demand, which in turn would improve the prospects for export-oriented industries. The potential increase in minimum wage and a faster-than-expected pickup of existing and new production facilities in various industries would also support a more favourable growth outlook. Nevertheless, several downside risks to growth remain. The strength of Malaysia’s exports to major trading partners could be impacted by unfavourable effects arising from monetary and regulatory policy shifts in the advanced economies, rising trade protectionism by major trading partners and a sharper-than-expected growth moderation in PR China. In addition, a re-emergence of volatile global commodity prices or abrupt corrections in the global financial markets could weigh down sentiments, which in turn could dampen the strength of domestic economic activity.

Malaysia is, however, well-positioned to withstand these headwinds should these downside risks materialise. The structural reforms that were undertaken over the years have endowed the Malaysian economy with multiple sources of growth, ample buffers and robust policy frameworks. Going forward, the positive economic environment will provide policymakers with ample policy space to continue with the necessary reforms. The domestic financial markets are resilient and well-positioned to intermediate large swings of capital flows in the event of heightened financial market volatility. Fundamentally, policymakers have the tools, capacity and flexibility to undertake the necessary measures to steer the economy along a steady growth path.

Economic and Monetary Management in 2018

Monetary policy in Malaysia in 2018 is expected to focus on ensuring the sustainable growth of the Malaysian economy with price stability. Given the continuing positive macroeconomic outlook and firm growth path, the MPC decided to normalise the degree of monetary accommodation at the January 2018 MPC meeting. The MPC raised the OPR by 25 basis points to 3.25 per cent. The MPC also recognises the need to prevent the build-up of risks that could arise from a prolonged period of low interest rates, even as the risks of financial imbalances currently remain contained. The MPC will monitor closely the evolving economic outlook, including the impact of the OPR adjustment in January 2018. The Bank's monetary operations will continue to ensure that domestic liquidity in the financial system will remain sufficient to support the orderly functioning of the domestic financial markets.

Fiscal policy in Malaysia in 2018 is expected to continue to focus on strengthening the Government's fiscal position while ensuring sustainable and more inclusive economic growth. The Government's fiscal deficit is expected to narrow further, supported by initiatives to optimise expenditures and enhance revenues. As delineated in the 2018 budget, fiscal spending will prioritise high-impact infrastructure projects and initiatives that build capacity and raise productivity. Consistent with the efforts to ensure an inclusive economic growth, welfare enhancement programmes and fiscal transfers will provide support to the lower- and middle-income segments to cope with the higher cost of living.

(*Source: Press Release entitled "Bank Negara Malaysia Annual Report 2017" dated 28 March 2018, http://www.bnm.gov.my*)

OVERVIEW OF THE MALAYSIAN BANKING INDUSTRY

The Banking System in Malaysia

The banking system, comprising commercial banks, investment banks, and Islamic banks, is the primary mobiliser of funds and the main source of financing which supports economic activities in Malaysia. The non- bank financial intermediaries, comprising development financial institutions, provident and pension funds, insurance companies, and takaful operators, complement the banking institutions in mobilising savings and meeting the financial needs of the economy.

The Central Bank

BNM, the Central Bank of Malaysia, is at the apex of the monetary and financial structure of the country. The principal objective of the 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, the BNM is vested with powers under various laws to regulate and supervise the banking institutions and other non-bank financial intermediaries. The BNM also administers the country's foreign exchange regulations.

(*Source: The Banking System in Malaysia, http://www.mida.gov.my*)

Banking Institutions in Malaysia

The following table provides an overview of the number of licensed banking institutions in Malaysia:

Banking Institution	**Total**	**Malaysian-Controlled Institutions**	**Foreign-Controlled Institutions**
Commercial Banks	27	8	19
Islamic Banks	16	11	5
International Islamic Banks	2	–	2
Investment Banks	11	11	–
Other Financial Institutions	2	2	–

(*Source: List of Licensed Banking Institutions in Malaysia, http://www.bnm.gov.my*)

Islamic Banking Industry

Islamic banking refers to a system of banking that complies with Islamic law also known as Shariah law. The underlying principles that govern Islamic banking are mutual risk and profit sharing between parties, the assurance of fairness for all and that transactions are based on an underlying business activity or asset.

These principles are supported by Islamic banking's core values whereby activities that cultivate entrepreneurship, trade and commerce and bring societal development or benefit are encouraged. Activities that involve interest (riba), gambling (maisir) and speculative trading (gharar) are prohibited.

Malaysia's Islamic finance industry has been in existence for over 30 years. The enactment of the Islamic Banking Act 1983 enabled the country's first Islamic Bank to be established and thereafter, with the liberalisation of the Islamic financial system, more Islamic financial institutions have been established.

Malaysia's long track record of building a successful domestic Islamic financial industry of over 30 years gives the country a solid foundation — financial bedrock of stability that adds to the richness, diversity and maturity of the financial system. Presently, Malaysia's Islamic banking assets reached RM696.4. Today, Malaysia's Islamic finance continues to grow rapidly, supported by a conducive environment that is renowned for continuous product innovation, a diversity of financial institutions from across the world, a broad range of innovative Islamic investment instruments, a comprehensive financial infrastructure and adopting global regulatory and legal best practices. Malaysia has also placed a strong emphasis on human capital development alongside the development of the Islamic financial industry to ensure the availability of Islamic finance talent. All of these value propositions have transformed Malaysia into one of the most developed Islamic banking markets in the world.

(*Sources: Overview of Islamic finance in Malaysia, http://www.bnm.gov.my and BNM: Monthly Statistical Bulletin, August 2018*)

Developments in the Financial Sector

The Malaysian financial sector has undergone significant transformation since the Asian financial crisis in 1997-1998, following capacity and institutional building efforts, particularly under the Financial Sector Masterplan ("**FSMP**") introduced by BNM in 2001. The 10-year FSMP was implemented in three phases: first, to enhance domestic capacity of the financial sector; secondly, to increase the competition in the banking sector through relaxing the restrictions on foreign banks; and thirdly, to set the pace for integration with the international market. At the end of 2010, more than 90 per cent. of the FSMP recommendations have been completed or are being implemented. As a result, the financial sector has emerged stronger, more diversified and resilient to effectively support economic growth. BNM released a new Financial Sector Blueprint ("FSB") with the theme "Strengthening our Future" in December 2011. The FSB charts the future direction of the Malaysian financial system over the next ten years. There are nine focus areas under the FSB to further advance the financial sector development to drive Malaysia's transition to a high value-added and high-income economy with adequate safeguards to preserve financial stability.

Efforts continue to be taken to strengthen Malaysia's position as an international Islamic financial centre and contribute towards the internationalisation of Islamic finance by developing Shariah-compliant products and services as well as tools to facilitate and support cross-border transactions. This includes the establishment of the International Islamic Liquidity Management Corporation ("**IILM**") on 25 October 2010. The IILM is a collaboration of 12 central banks and regulatory agencies as well as two multi-lateral institutions. IILM seeks to facilitate cross-border liquidity management among institutions offering Islamic financial services by making available a variety of Shariah-compliant instruments to suit the varying liquidity needs of these financial institutions. IILM also seeks to foster regional and international cooperation to build a robust liquidity management infrastructure at national, regional and international levels.

The presence of an increasing number of foreign banks further complements the existing financial sector as Malaysia makes progress in its planned economic transformation to become a high-income nation by 2020. Of the five new commercial banking licences issued in 2010, three banks have commenced operations in April 2011, June 2011 and September 2011, respectively. In June 2011, another international Islamic bank licence was issued to a foreign bank from Bahrain. Currently, more than half of the 20 foreign commercial banks originate from the Asian region, signifying Asia's growing importance in the global economic landscape and Malaysia's strengthened linkages within the region.

Building on the progress made over the past decade, the strong financial sector is now well positioned to take advantage of the opportunities of a more competitive and integrated environment, while serving the more varied and complex needs of the domestic economy. The new Financial Sector Blueprint 2011-2020 is a strategic plan that charts the future direction of the financial system as Malaysia transitions towards becoming a high value-added, high-income economy. To achieve this, and to leverage opportunities going forward, global trends and domestic economic forces that affect the operating environment of the financial sector are also taken into consideration. The progress made over the last decade provides a foundation for the future growth and development of the financial system in the next 10 years.

One of the key objectives under the Financial Sector Blueprint 2011-2020 is to achieve greater economic efficiency through e-payment. BNM has undertaken efforts to promote e-payment such as formulating an 'E-Payments Roadmap' in its Financial Sector Blueprint 2011-2020 and creating an enabling environment to encourage the adoption of e-payments. These include pricing reforms, expansion in access points, enhancement in the quality and security features and instilling greater awareness and confidence in the use of e-payments. The launch of 'Digital Free Trade Zone' on 22 March 2017, the entry of global electronic wallet providers and collaborations, for instance of Ant Financial Services Group with Touch 'n Go, are expected to transform the payment system landscape in Malaysia. The entry of global players into the Malaysian market will drive competition and encourage more players to participate in the e-wallet segment. Furthermore, the migration from signature-based payment cards to PIN-based payments was enforced on 1 July 2017 to enhance the security of payment cards.

The finance and insurance subsector is expected to expand 4.4 per cent. in 2018 (2017: 4.2 per cent.) mainly driven by strong financing activities.

(*Sources: Economic Report 2017/2018, Ministry of Finance Malaysia and Financial Sector Blueprint 2011-2020, Bank Negara Malaysia*)

Monetary and Financial Developments as at August 2018

Inflation

Headline inflation declined to 0.2 per cent. in August 2018 (July 2018: 0.9 per cent.) due mainly to lower transport inflation, reflecting base effect. The pass-through from the zerorisation of the Goods and Services Tax (GST) rate was marginally higher in August at 46 per cent. (July 2018: 45 per cent.). Excluding the impact of the GST zerorisation, core inflation remained stable at 1.4 per cent. (July 2018: 1.5 per cent.).

Industrial Production Index ("IPI")

The overall IPI increased by 2.6 per cent. in July 2018 (June 2018: 1.1 per cent.), amid stronger growth in manufacturing and electricity output, as well as smaller contraction in the mining sub-sector. The higher growth in the manufacturing sector (July 2018: 5.2 per cent.; June 2018: 4.5 per cent.) was mainly due to stronger performance in the production of E&E products and transport equipment.

Net financing growth continued to support economic activity

Net financing[1] growth increased to 7.4 per cent. in August 2018 (July 2018: 7.2 per cent.). The outstanding corporate bond growth increased to 13.4 per cent. (July 2018: 13.0 per cent.) while outstanding banking system loan growth was sustained at 5.4 per cent. (July 2018: 5.3 per cent.). Outstanding loan growth was stable for both businesses (August 2018: 3.8 per cent.; July 2018: 3.7 per cent.) and households (August 2018: 6.1 per cent.; July 2018: 6.0 per cent.). The growth[2] of household loan applications and approvals for the purchase of passenger cars continued to increase to 27.7 per cent. and 52.0 per cent., respectively, following the zerorisation of the GST rate (July 2018: 24.8 per cent. and 39.1 per cent., respectively).

[1] Net financing refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)), and outstanding corporate bonds.
[2] 3-month moving average.

Positive financial markets performance amid ringgit depreciation

The ringgit depreciated by 1.1 per cent. in August 2018 as a result of non-resident portfolio outflows. The outflows were driven mainly by risk-off sentiments in the region amid concerns over rising contagion risk, especially following the sharp decline in Turkish lira. The bond and equity markets, however, improved amid continued support by domestic institutional investors. The KLCI increased by 2.0 per cent. during the month, driven mainly by positive earnings results in selected large-cap companies and higher global oil prices. The 5-year MGS yield declined by 6.1 basis points amid active buying by domestic institutional investors, which increased their MGS holdings by RM1.7 billion during the month.

Banking system capitalisation remained strong

Financial institutions are well-positioned to withstand severe macroeconomic and financial shocks, with excess capital buffers3 of RM146.1 billion as at August 2018. The slight moderation in capital between July and August 2018 was largely attributable to dividend payments and the gradual phasing out of Basel II capital instruments under BNM's Basel III transitional arrangements.

(*Source: Monetary and Financial Development, August 2018, http://www.bnm.gov.my*)

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 or other applicable jurisdiction. 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 1967, 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) 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 per cent. However, since the Notes are issued by a person carrying on the business of banking in Malaysia and licensed under the FSA, interest payable under the Notes to any person not resident in Malaysia is tax exempt under paragraph 33 of Schedule 6 of the Income Tax Act 1967.

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 within specified periods after that date of purchase of the real property. As the Notes are not considered chargeable assets for real property gains tax purposes, there is no tax imposed on capital gains derived from disposal of the Notes in Malaysia.

Gift or Inheritance Tax

There is neither gift nor inheritance tax in Malaysia.

Stamp duty

The Stamp Duty (Exemption) (No. 23) Order 2000 provides that all instruments relating to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures approved by the Securities Commission under section 32 of the Securities Commission Act 1993 (now section 214 of the Capital Markets and Services Act 2007) and the redemption or transfer of such debentures, are exempted from stamp duty.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Malaysia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "Terms and Conditions of the Notes—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Proposed Financial Transaction Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

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

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.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement in respect of Notes

Subject to the terms and on the conditions contained in a dealer agreement (the "**Dealer Agreement**") between the Issuer, the Arrangers and the Permanent Dealers, 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 Arrangers and Dealers 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 Arrangers 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.

Each of the Arrangers and the Dealers and their respective affiliates may engage in transactions with, and perform services for, the Issuer or its group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Issuer or its group companies or affiliates, for which they have received, and may in the future receive, compensation. The Arrangers and Dealers or certain of their respective affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Arrangers, the Dealers or any of their respective affiliates may purchase 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 Notes issued under the Programme and/or other securities of the Issuer or its group companies or affiliates at the same time as the offer and sale of Notes issued under the Programme 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 Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Notes issued under the Programme).

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented that it has not offered or sold the Notes, and has agreed that it will not offer or sell, any Notes constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S under the Securities Act ("**Regulation S**"). 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 meaning given to them by Regulation S.

Unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", the following language applies:

(a) In addition, except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"):

(i) each Dealer has represented that it has not offered or sold, and agrees that during a 40 day restricted period it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person; and

(ii) each Dealer has represented that it has not delivered and has agreed that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

(b) each Dealer has represented that it has, and has agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer has represented that it is acquiring the Notes for the purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so only in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010); and

(d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, each Dealer has either (i) repeated and confirmed the representations and agreements contained in paragraphs (i) through (iv) above on its behalf or (ii) agreed that it shall obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (i) through (iv) above.

Terms used in paragraphs (i) through (iv) above have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder, including the D Rules.

In addition, to the extent that the Pricing Supplement or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is "C Rules", the following paragraph applies:

Under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") and the regulations expected to be promulgated under Section 401(b)(1)(B) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") to set out the criteria for "foreign targeted obligations" that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes in bearer form, each Dealer has represented that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder, including the C Rules and the D Rules.

Prohibition of sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area ("**EEA**"). For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

 (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

 (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

 (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United Kingdom

Each Dealer has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Malaysia

Each Dealer appointed under this Programme has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase the Notes may only be made directly or indirectly to persons to whom an offer or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Part 1 of Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 of Malaysia, as amended from time to time (the "CMSA"), and Part 1 of Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 8 or Section 257(3) of the CMSA; and

(b) no circulation or distribution or any offering document or material relating to the Notes shall directly or indirectly, be made to persons in Malaysia other than those to whom an offer or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Part 1 of Schedule 6 or Section 229(1)(b) of the CMSA and Part 1 of Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 8 or Section 257(3) of the CMSA.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed 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 (as defined in the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified in its application or as amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**")) other than:

  (i) to "professional investors" as defined in the SFO; or

  (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or have 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 in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Japan

Each Dealer has represented and agreed that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

PRC

Each Dealer has represented 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 PRC 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 and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

General

These selling restrictions may be supplemented or modified by the agreement of the Issuer and any Dealers 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.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

FORM OF PRICING SUPPLEMENT

[**MIFID II product governance / target market** – [*appropriate target market legend to be included*]]

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA)** - In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as [prescribed capital markets products] / [capital markets products other than prescribed capital markets products][1] (as defined in the CMP Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products][2] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Pricing Supplement dated [●]

AmBank (M) Berhad

Legal Entity Identifier: 549300DAPZWBBF0Y6447

Issue of [*Aggregate Nominal Amount of Tranche*][*Title of Notes*]
under the U.S.$2,000,000,000 Euro Medium Term Note Programme

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 8 November 2018 [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].

[*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 [●] 2018. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [●] 2018 and are attached hereto.]

[*The following to be included for any issuance of Subordinated Notes*]

[By its acquisition of the Notes, each holder and beneficial owner acknowledges and agrees inter alia that upon the occurrence of a Trigger Event, all or some of the rights of holders of Notes [and the Receipts] relating to them shall be subject to Write Off (as defined in the Conditions) and the right to receive interest on any portion of nominal amount Written Off will cease and all interest amounts that were not due and payable prior to the Write Off shall be cancelled. See "*Investment Considerations – Considerations Relating to the Subordinated Notes*" in the Offering Circular.]

[*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.*]

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[1] Delete as appropriate

1.	Issuer:		AmBank (M) Berhad
	(a)	Series Number:	[●]
	(b)	[Tranche Number:	[●]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]		
2.	Specified Currency or Currencies:		[●]
3.	Aggregate Nominal Amount:		[●]
	(a)	Series:	[●]
	(b)	[Tranche:	[●]]
4.	(a)	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
	(b)	[Net proceeds:	[●] *(Required only for listed issues)*]
5.	(a)	Specified Denominations:	[●] *If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower integral amount (for example €1,000), insert the following:* *"€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]".*
	(b)	Calculation Amount	[●]
6.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date	[*Specify*/Issue date/Not Applicable]
7.	Maturity Date:		[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and* year/None] *Note that for Renminbi or Hong Kong dollar 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.*

		The Maturity Date for the Notes must be not less than one year from the Issue Date.
8.	Interest Basis:	[[●]% Fixed Rate [from [●] to [●]] [[specify reference rate] +/- [●]% Floating Rate [from [●] to [●]] [Zero Coupon] [Other *(specify)*] (further particulars specified below)
9.	Redemption/Payment Basis:	[Redemption at par] [Partly Paid] [Instalment] [Other *(specify)*]
10.	Change of Interest or Redemption/Payment Basis:	*[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
11.	Put/Call Options:	[Investor Put] (*N.B. Put Option not possible for Subordinated Notes*) [Issuer Call] [(further particulars specified below)]
12.	Status of the Notes:	[Senior/Subordinated]
13.	Listing:	*[SGX-ST/LFX/ Bursa Malaysia (under the Exempt Regime)/(specify)/None]*
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a) Rate[(s)] of Interest:	[●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

(b)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of* ***Business Day****]*/not adjusted]
(c)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount *For Renminbi or Hong Kong dollar 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, in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Notes, to the nearest HK$0.01, HK$0.005 being rounded upwards."*
(d)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(e)	Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA)/other]
(f)	[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)*)]
(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]

16.	Reset Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*

(a)	Initial Interest Rate:	[●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(b)	Reset Date:	[●]
(c)	Benchmark Rate:	[●]
(d)	Comparable Period:	[●]
(e)	Margin:	[●]
(f)	Other terms relating to the method of calculating interest for Reset Rate Notes:	[Not Applicable/give details]

17.	Floating Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
	(a)	Interest Period(s):	[●]
	(b)	Specified Interest Payment Dates:	[●]
	(c)	Interest Period Date:	[●] *(Not applicable unless different from Interest Payment Date)*
	(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (*give details*)]
	(e)	Business Centre(s):	[●]
	(f)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/ other (*give details*)]
	(g)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):	[●]
	(h)	Screen Rate Determination:	
		(i) Reference Rate:	[●]
		(ii) Interest Determination Date(s):	[●]
		(iii) Relevant Screen Page :	[●]
	(i)	ISDA Determination:	
		(i) Floating Rate Option:	[●]
		(ii) Designated Maturity:	[●]
		(iii) Reset Date:	[●]
	(j)	Margin(s):	[+/-][●]% per annum
	(k)	Minimum Rate of Interest:	[●]% per annum
	(l)	Maximum Rate of Interest:	[●]% per annum

	(m)	Day Count Fraction:	[●]
	(n)	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.)*
	(a)	Interest Period(s):	[●]
	(b)	Specified Interest Payment Dates:	[●]
	(c)	Interest Period Date:	[●] *(Not applicable unless different from Interest Payment Date)*
	(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)]
	(e)	Business Centre(s):	[●]
	(f)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
	(g)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):	[●]
	(h)	Screen Rate Determination:	
		(i) Reference Rate:	[●]
		(ii) Interest Determination Date(s):	[●]
		(iii) Relevant Screen Page:	[●]
	(i)	ISDA Determination	
		(i) Floating Rate Option:	[●]
		(ii) Designated Maturity:	[●]

		(iii) Variable Rate Date:	[●]
	(j)	Margin(s):	[+/-][●] per cent. per annum
	(k)	Minimum Rate of Interest:	[●] per cent. per annum
	(l)	Maximum Rate of Interest:	[●] per cent. per annum
	(m)	Day Count Fraction:	[●]
	(n)	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)*
	(a)	Amortisation Yield :	[●]% per annum
	(b)	Any other formula/basis of determining amount payable:	[●]

PROVISIONS RELATING TO REDEMPTION

20.	Call Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●] per Calculation Amount
		(ii) Maximum Redemption Amount:	[●] per Calculation Amount
	(d)	Notice period:	[●]

21.	Put Option		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(c)	Notice period:	[●]
22.	Final Redemption Amount of each Note		[●] per Calculation Amount
23.	Early Redemption Amount		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[●]

LOSS PROVISIONS RELATING TO LOSS ABSORPTION

24.	Loss Absorption Measure: Write-off upon Trigger Event (Condition 11(a))):	**[**Write-Off Applicable/Not Applicable] (*Only relevant for Subordinated Notes*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] *[(N.B. The exchange upon notice/at any time options should not be expressed to 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] (in the case of Notes other than CMU Notes) / the HKMA as operator of the CMU (in the case of CMU Notes]]

26.	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 15 (ii), 16(v) and 17(v) relate*]
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (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*]
29.	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*]
30.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
31.	Consolidation provisions:	[Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
32.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

33.	(a)	If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b)	Stabilising Manager (if any):	[Not Applicable/*give name*]

34.	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
35.	U.S. Selling Restrictions:	Reg. S Compliance Category 1; [TEFRA D/TEFRA C/TEFRA not applicable]
36.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

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

GENERAL

43.	Ratings:	[Not Applicable/*give details*]
44.	Governing Law:	English law[, other than Conditions 3(b) and 3(c), which shall be governed by the laws of Malaysia]

[USE OF PROCEEDS

The net proceeds from the issue of the Notes will be applied by the Issuer for its general working capital purposes, including but not limited to, the provision of advances of such proceeds or part thereof by the Issuer to any of the subsidiaries of AMMB Holdings Berhad and repayment of borrowings.]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required to list the issue of the Notes described herein pursuant to the U.S.$2,000,000,000 Euro Medium Term Note Programme of AmBank (M) Berhad.]

RESPONSIBILITY

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

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

[Neither the Labuan International Financial Exchange Inc. (the **LFX**) nor the Bursa Malaysia Securities Berhad (**Bursa Malaysia**) assumes responsibility for the correctness of any of the statements made or opinions or reports contained in this Pricing Supplement, and neither the LFX nor Bursa Malaysia makes any representation as to its accuracy or completeness and each of the LFX and Bursa Malaysia expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Pricing Supplement. Investors are advised to read and understand the contents of the Offering Circular and this Pricing Supplement before investing. If in doubt, the investor should consult his or her adviser. Neither admission to the Official List of the LFX nor listing on Bursa Malaysia under the Bursa Malaysia (Exempt Regime) is to be taken as an indication of the merits of the Issuer, the Programme or the Notes.]

Signed on behalf of the Issuer

AmBank (M) Berhad

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 the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, Arrangers or Dealers 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. None of the Issuer, Arrangers or Dealers 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 participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

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 relevant Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or an 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 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, 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.

Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Notes. The relevant Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Notes, however, holders of book entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

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 of Hong Kong 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 may make 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 the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with the Common Depositary or a sub-custodian for the CMU or an Alternative Clearing System as agreed between the Issuer and the relevant Dealer(s). Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of Euroclear and Clearstream, Luxembourg, the CMU or the relevant Alternative Clearing System, as the case may be. Each Global Note deposited with the Common Depositary will, where applicable, have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

Registered Notes

The Issuer may make applications to Euroclear and Clearstream, Luxembourg, the CMU or an Alternative Clearing System for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. Each Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will, where applicable, have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

All Registered Notes will initially be in the form of a Global Certificate. Definitive Certificates will only be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the relevant Pricing Supplement.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear and Clearstream, Luxembourg and/or the CMU and/or an Alternative Clearing System will be in accordance with the usual rules and operating procedures of the relevant clearing system.

In the case of Registered Notes to be cleared through Euroclear and Clearstream, Luxembourg and/or the CMU and/or an Alternative Clearing System transfers may be made at any time by a holder of an interest in a Global Certificate in accordance with the relevant rules and regulations of the applicable clearing systems.

GENERAL INFORMATION

1. Application will be made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes

   The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 or its equivalent in other currencies so long as any of the Notes remain listed on the SGX-ST and the rules of the SGX-ST so requires. For so long as any Notes are listed on the SGX-ST and the rules of SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore where such Notes (or Certificates in respect thereof) 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 or definitive Certificates. In addition, in the event that any of the Global Notes or Global Certificates representing such Notes is exchanged for definitive Notes or definitive Certificates, an announcement of such exchange shall 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 or Certificates, including details of the paying agent in Singapore.

2. 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 resolutions of the Board passed on 26 March 2013, and the update of the Programme was authorised by the resolutions of the Board passed on 27 March 2018.

3. There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 March 2018 and no material adverse change in the prospects of the Issuer or of the Group since 31 March 2018.

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

5. 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".

6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Issuer may also apply to have Notes accepted for clearance through the CMU. The CMU instrument number will be set out in the relevant Pricing Supplement. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other Alternative Clearing System for each Series of Notes will be set out in the relevant Pricing Supplement.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any Alternative Clearing System will be specified in the applicable Pricing Supplement.

The Legal Entity Identifier of the Issuer is 549300DAPZWBBF0Y6447.

7. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes.

8. The issue price and the amount of each Tranche will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions.

   The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

9. 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 office of the Fiscal Agent or the registered office of the Issuer:

   (A) the Agency Agreement (which includes the form of the Global Notes, the Global Certificate, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

   (B) the Deed of Covenant;

   (C) the latest published annual report and audited consolidated and unconsolidated accounts of the Issuer and the Group and the latest interim unaudited consolidated and unconsolidated accounts of the Issuer and the Group;

   (D) each Pricing Supplement (save that Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity); and

   (E) a copy of this Offering Circular together with any Supplemental Offering Circular or further Offering Circular.

10. Ernst & Young have audited, and issued unqualified audit reports on, the consolidated financial statements of the Issuer and the Group for the respective financial years ended 31 March 2016, 2017 and 2018.

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United Kingdom

REGISTRAR AND TRANSFER AGENT IN RESPECT OF REGISTERED NOTES OTHER THAN CMU NOTES
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