

A multi-currency perpetual notes programme for the issuance of senior notes (“Senior Notes”), Basel III-compliant Tier 2 subordinated notes (“Sub-Notes”) and Basel III-compliant Additional Tier 1 capital securities (“Capital Securities”) of up to RM25.0 billion (or its equivalent in other currencies) in nominal value thereunder (“Notes Programme”).

Principal Terms and Conditions

(A) CORPORATE INFORMATION OF ISSUER

- (1) Name : Hong Leong Financial Group Berhad (“HLFG” or “Issuer”)
- (2) Address : Level 8, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur
- (3) Date of incorporation : 06-Sep-1968
- (4) Place of incorporation : Malaysia
- (5) Business registration number : 8024-W
- (6) Residence status : Resident Controlled Company

(7) Place and date of listing :

No.	Place of listing	Date of listing
1	Bursa Malaysia	27 Nov 1969

- (8) Principal activities : HLFG is principally engaged in investment holding and provision of services to its subsidiaries to enhance group value.
- (9) Authorised, issued and paid-up share capital : As at 30 September 2017, the capital of the Issuer is RM2,267,008,045* comprising 1,147,516,890 ordinary shares.

Note:

**Inclusive of existing share premium of RM1,119,491,155 pursuant to Section 618(2) of the Companies Act, 2016*

- (10) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : As at 30 September 2017, the substantial shareholders of the Issuer are as follows:

Name	No. of Shares			
	Direct	%	Indirect	%
Hong Leong Company (Malaysia) berhad (“HLCM”)	595,982,955	51.94	291,121,141	25.37*
Tan Sri Quek Leng Chan	5,438,664	0.47	893,706,226	77.88 [#]
HL Holdings Sdn Bhd	-	-	887,104,096	77.31 [@]
Kwek	-	-	891,834,602	77.72 [#]

Hong Leong Financial Group Berhad (“HLFG” or “Issuer”)

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Holdings Pte Ltd				
Kwek Leng Beng	1,315,841	0.11	891,834,602	77.72 [#]
Hong Realty (Private) Limited	-	-	891,834,602	77.72 [#]
Hong Leong Investment Holdings Pte Ltd	-	-	891,834,602	77.72 [#]
Davos Investment Holdings Private Limited	-	-	891,834,602	77.72 [#]
Kwek Leng Kee	-	-	891,834,602	77.72 [#]
Guoco Assets Sdn Bhd	291,117,141	25.37	-	-
GuoLine Overseas Limited	-	-	291,117,141	25.37 [^]
Guoco Group Limited	-	-	291,117,141	25.37 [^]
GuoLine Capital Assets Limited	-	-	291,117,141	25.37 [^]

Notes:

* Held through subsidiary(ies).

Held through HLCM and company(ies) in which the substantial shareholder has interest.

@ Held through HLCM.

[^] Held through Guoco Assets Sdn Bhd.

(11) Board of directors : 1. Tan Sri Quek Leng Chan
2. Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman

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3. Tan Kong Khoon
4. Lim Tau Kien (f)
5. Saw Kok Wei
6. Lim Lean See (f)

(B) PARTIES TO THE TRANSACTION

(1) Origination

No.	Roles	Name of parties
1	Issuer	Hong Leong Financial Group Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Lead Arranger	Hong Leong Investment Bank Berhad
4	Solicitors	Adnan Sundra & Low
5	Bond Trustee	Malaysian Trustees Berhad
6	Other-Accounting Adviser	PricewaterhouseCoopers
7	Credit Agency Rating	RAM Rating Services Berhad (“RAM”) (for Ringgit- denominated Notes issued in Malaysia)

(2) At point of distribution

No.	Roles	Name of parties
1	Issuer	Hong Leong Financial Group Berhad
2	Lead Manager	Hong Leong Investment Bank Berhad and/or such other financial institution(s) as may be appointed and mutually agreed between the Issuer, the Lead Arranger and the Lead Manager prior to the issuance of the Notes
3	Facility Agent	Hong Leong Investment Bank Berhad (for Notes issued in Malaysia)
4	Central Depository	BNM (for Notes issued in Malaysia)
5	Paying Agent	BNM (for Notes issued in Malaysia)
6	Primary Subscriber	To be determined, if applicable, prior to the issuance of the Notes

(3) After distribution

No.	Roles	Name of parties
1	Issuer	Hong Leong Financial Group Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Facility Agent	Hong Leong Investment Bank Berhad (for Notes issued in Malaysia)
4	Bond Trustee	Malaysian Trustees Berhad

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5	Central Depository	BNM (for Notes issued in Malaysia)
6	Paying Agent	BNM (for Notes issued in Malaysia)
7	Credit Rating Agency	RAM (for Ringgit- denominated Notes issued in Malaysia)

(C) DETAILS OF FACILITY/PROGRAMME

- (1) Name of facility : A multi-currency perpetual notes programme for the issuance of senior notes (“Senior Notes”), Basel III-compliant Tier 2 subordinated notes (“Sub-Notes”) and Basel III-compliant Additional Tier 1 capital securities (“Capital Securities”) of up to RM25.0 billion (or its equivalent in other currencies) in nominal value thereunder (“Notes Programme”).
- (2) One-time issue or programme : Programme
- (3) Shariah principles (for sukuk) : Not applicable
- (4) Facility description : Notes Programme pursuant to which the Issuer may from time to time issue Senior Notes, Sub-Notes and/or Capital Securities where the aggregate outstanding nominal value of the Notes (as defined below) shall not exceed RM25.0 billion (or its equivalent in other currencies) at any point in time, subject to the Master Limit (as defined in the paragraph entitled “Expected facility/ programme size”).
- The Sub-Notes are intended to qualify as Tier 2 capital for the Issuer pursuant to the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (“BNM”) on 4 August 2017 and as updated from time to time (“**New CA Framework**”).
- The Capital Securities are intended to qualify as Additional Tier 1 capital for the Issuer pursuant to the New CA Framework.
- Collectively, Senior Notes, Sub-Notes and Capital Securities shall be referred to as “**Notes**” and the holders of the Senior Notes, Sub-Notes and Capital Securities, are collectively referred to as “**Noteholders**”.
- (5) Currency : Multi-currency including Ringgit
- (6) Expected facility/ programme size : Upto MYR25,000,000,000.00
- (7) Option to upsize (for programme) : Yes
- (8) Tenure of facility/ programme : Perpetual
- (9) Availability period for debt/ sukuk programme : The Notes Programme shall be available for utilisation for a period of thirty (30) years from the date of the first issuance of the Notes under the Notes Programme.
- The first issuance of the Notes shall be within sixty (60) business days from the date of lodgement of the Lodgement Kit with the SC.
- (10) Clearing and settlement platform : • PayNet

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- (11) Mode of issue :
 - Bought deal
 - Book running
 - Private placement
 - Other-Each tranche of Notes may be issued via private placement on a best efforts basis, or on a bought deal basis, or book running on a best efforts basis, without prospectus. Issuance of the Notes shall be in accordance with the: (i) the Participation and Operation Rules for Payment Securities Services (“PayNet Rules”) issued by PayNet; and (ii) the Operational Procedures for Securities Services issued by PayNet (“PayNet Procedures”), as amended or substituted from time to time (collectively, “PayNet Rules and Procedures”), subject to such variation, amendments or exemptions (if any) from time to time.
- (12) Selling restrictions :
 - Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
 - Part 1 of Schedule 7 of the CMSA
 - Read together with Schedule 9 of CMSA
 - Other-The Notes are tradable and transferable subject to the Selling Restrictions (as described below). (a) Selling Restrictions at issuance The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Notes and to whom the Notes are issued would fall within: (i) Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time. (b) Selling Restrictions after issuance The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Notes and to whom the Notes are issued would fall within: (i) Part I of Schedule 6 (or Section 229(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time. In addition to the above, the Notes denominated in foreign currency may only be offered, sold, transferred or otherwise disposed directly or indirectly to a Resident (as defined under the Financial Services Act 2013).
- (13) Tradability and transferability :
 - Tradable & transferable
- (14) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS/sukuk, and whether or not obtained : The Issuer has on 15 September 2017 obtained approval from BNM to establish the Notes Programme.
- (15) Details of security/ collateral pledged : Unsecured
- (16) Details of guarantee : Not guaranteed
- (17) Convertibility of Issuance : Non-convertible
- (18) Exchangeability of Issuance : Non-exchangeable
- (19) Call option : **Senior Notes**
An issuance of a tranche of the Senior Notes may have a call option (“**Call Option**”) if so determined by the Issuer prior to the issuance of such tranche of the Senior Notes. Pursuant to the Call Option, the Issuer shall have the option to redeem the Senior Notes (in whole or in part) on the

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relevant Call Date (as defined below) at the Call Option Amount (as defined below).

“**Call Date**” means, in relation to a tranche of the Senior Notes where a Call Option is applicable, the date on which such Call Option is exercisable, which shall be determined prior to the issuance of such tranche of the Senior Notes.

“**Call Option Amount**” means the amount payable by the Issuer pursuant to the exercise of a Call Option, which shall be determined prior to each issuance of the Senior Notes with a Call Option.

Sub-Notes and the Capital Securities

Subject to the approval from BNM and the Redemption Conditions (as defined below) being satisfied, the Issuer may exercise its option to redeem the Sub-Notes and Capital Securities pursuant to Optional Redemption, Regulatory Redemption and Tax Redemption (as defined below).

(a) Optional Redemption

The Issuer may, at its option and subject to the Redemption Conditions being satisfied, redeem the Sub-Notes and/or Capital Securities (in whole or in part) at the Redemption Amount (as defined below) on any Optional Redemption Date (as defined below).

(b) Tax Redemption

If there is more than an insubstantial risk that:

(i) the Issuer has or will become obliged to pay Additional Amounts (as defined in the paragraph entitled “Other terms and conditions – Withholding Taxes” or any taxes other than the Additional Amounts (if any), in relation to the Sub-Notes and/or Capital Securities; or

(ii) the Issuer is not able to obtain tax deductions under Malaysian corporation tax for coupon payment (for Sub-Notes) or distribution payment (for Capital Securities) made in respect of the Sub-Notes and/or Capital Securities, and the Issuer cannot, by taking reasonable measures available to it, avoid such additional obligations,

then the Issuer may, at its option, redeem the respective Sub-Notes or Capital Securities, in whole or in part, at the Redemption Amount, subject to the Redemption Conditions being satisfied.

(c) Regulatory Redemption

If any tranche of the Sub-Notes and/or Capital Securities (in whole or in part) no longer, either immediately or with the passage of time or upon either the giving of notice or the fulfilment of a condition, qualify as Tier 2 capital (for Sub-Notes) or Additional Tier 1 capital (for Capital Securities) of the Issuer, for the purposes of BNM’s capital adequacy requirements or any regulations applicable to the Issuer, then the Issuer may, at its option, and subject to the Redemption Conditions being met, redeem the respective Sub-Notes or Capital Securities, in whole or in part, at the Redemption Amount.

In this paragraph, the following definitions have the following meanings:

“**Redemption Amount**” means in the case of an Optional Redemption, a Tax Redemption or a Regulatory Redemption:

(i) For Sub-Notes, an amount equal to 100% of the nominal value of the Sub-Notes together with accrued but unpaid coupon (if any) up to (and excluding) the date on which the Sub-Notes are redeemed; or

(ii) For Capital Securities, an amount equal to 100% of the nominal value of the Capital Securities together with accrued but unpaid and uncanceled Periodic Distribution (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon or equivalent rate (%)”) (if any) and subject to the provisions contained in the paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution” up to (and excluding) the date on which the Capital

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Securities are redeemed.

“Redemption Conditions” means:

(i) the Issuer is solvent at the time of redemption of a tranche of Sub-Notes and/or Capital Securities or part thereof and immediately thereafter;

(ii) the Issuer:

(a) shall replace that tranche of Sub-Notes and/or Capital Securities or part thereof to be redeemed with capital of the same or better quality and the replacement of such capital is done at conditions which are sustainable for the income capacity of the Issuer; or

(b) demonstrates to BNM that its capital position is and can be sustained well above the minimum capital adequacy and capital buffer requirements as imposed by BNM after the redemption; and

(iii) the Issuer has obtained the written approval of BNM prior to redemption of that tranche of Sub-Notes and/or Capital Securities or part thereof.

“Optional Redemption Date” means a date to be determined prior to issuance. In the case of a tranche of Sub-Notes and/or Capital Securities under the Notes Programme, a date falling no earlier than the fifth (5th) anniversary of the relevant issue date, and any Periodic Coupon Payment Date (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon payment frequency and basis”) or Distribution Payment Date (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon payment frequency and basis”) thereafter (as the case may be).

(20) Put option : No put option

(21) Details of covenants : a. **Positive covenants Senior Notes**

The covenants which shall include (but are not limited to) the following and those required to comply with the SC’s Trust Deeds Guidelines (revised on 12 July 2011, effective on 12 August 2011 and as amended from time to time) (“**Trust Deeds Guidelines**”):-

(a) Exercise reasonable diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;

(b) At all times, execute all such further documents and do all such further acts reasonably necessary at any time or times to give effect to the terms and conditions of the Transaction Documents;

(c) Promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Senior Notes on the relevant maturity date(s) or any other date on which the Senior Notes are due and payable) and ensure that it shall immediately notify the Bond Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;

(d) Maintain a paying agent based in Malaysia;

(e) Maintain proper books and accounts and deliver financial statements to the Bond Trustee on a timely manner;

(f) Ensure that there are no amendments to the Constitution of the Issuer in the manner that is inconsistent with the rights and obligations of the Issuer under the Transaction Documents, if applicable;

(g) Conduct its business and affairs with reasonable diligence and in a proper and efficient manner in accordance with sound financial and commercial standards and practices and in accordance with its constitutional documents;

(h) Undertake to maintain all necessary insurances required in respect of its assets and businesses against such risks as is usual industry practice for companies carrying on the same or

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substantially similar business;

(i) At all times be the single largest (direct or indirect) shareholder of Hong Leong Bank Berhad (“HLB”);

(j) In addition to and without prejudice to the other provisions, limited so far as required by CMSA and/or so far as directed by the SC, it will comply with the provisions of the CMSA and/or the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and/or the directives, written notices, circulars or guidelines issued by the SC from time to time; and

(k) Any other positive covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

Sub-Notes and Capital Securities

The covenants which shall include (but are not limited to) the following and those required to comply with the Trust Deeds Guidelines:-

(a) Exercise reasonable diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;

(b) Maintain a paying agent based in Malaysia;

(c) Maintain proper books and accounts and deliver financial statements to the Bond Trustee on a timely manner;

(d) Ensure that the Sub-Notes and Capital Securities shall at all times be governed by the guidelines issued and to be issued from time to time by BNM;

(e) Ensure that there are no amendments to the Constitution of the Issuer in the manner that is inconsistent with the rights and obligations of the Issuer under the Transaction Documents, if applicable; and

(f) Any other positive covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

b. Negative covenants

Senior Notes

The covenants which shall include (but are not limited to) the following and those required to comply with the Trust Deeds Guidelines, wherein the Issuer shall not without the prior written consent of the holders of the Senior Notes (“**Senior Noteholders**”):-

(a) Grant guarantees, indemnities or similar assurances against financial loss in respect of any indebtedness of any affiliate or third party other than such guarantees, indemnities or similar assurances granted in the ordinary course of the Issuer’s business and/or such guarantees, indemnities or similar assurances granted in respect of any indebtedness of any of the Issuer’s related companies;

(b) Obtain or permit to exist any loans or advances from its shareholders or associated companies unless these loans and advances are subordinated to the Master Programme;

(c) Enter into any amalgamation, de-merger, reconstruction or winding up of itself or any of its subsidiaries, which has a Material Adverse Effect (as defined in the paragraph entitled “Events of default or enforcement events, where applicable, including recourse available to investors”);

(d) Cancel, surrender, abandon or otherwise change in a material manner the nature or scope of its existing business in any way which has a Material Adverse Effect;

(e) Decrease its issued and paid-up share capital by reduction of capital or cancellation of capital or redeem any share capital or otherwise save and except for any redemption of redeemable preference shares and share buyback scheme permitted under any applicable laws. For avoidance of doubt, share buyback which are held as treasury shares for employees share scheme shall not be deemed as reduction in paid-up share capital;

(f) Release, surrender, reduce, waive, amend or vary the amount of any material indebtedness owed to it the consequence of which will have a Material Adverse Effect;

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(g) Declare or pay any dividends, make any distribution (whether income or capital in nature) or payments in relation to principal, interest or otherwise on shareholders’ loans or advances to its shareholders unless all the following criteria has been met:-

(i) no Event of Default (as defined in the paragraph entitled “Events of defaults or enforcement events, where applicable, including recourse available to investors”) or potential Event of Default has occurred and is continuing or would occur if such payment is made; and

(ii) the Issuer is not or will not be in breach of any provisions of the Transaction Documents if such payment is made;

(h) Change or threaten to change the nature or scope of its business save and except for such change of its nature or scope of business arising from a corporate reorganization exercise involving itself and its wholly owned subsidiary companies which would not have a Material Adverse Effect on its consolidated financial position;

(i) Create, incur, assume, suffer or permit to exist or attempt to create, incur, assume or suffer, any security interest to arise on, subsist or affect, all or any part of its present or future rights, title, benefits and interest in all present and future HLB ordinary shares held by the Issuer (“HLB Shares”) at any point in time (including any income derived from the said HLB Shares) unless the Issuer holds more than 50% of the ordinary share capital of HLB, in which case, the Issuer may create, incur, assume suffer or permit to exist or attempt to create, incur, assume or suffer, any security interest to arise on, subsist or affect, all or any part of its present or future rights, title, benefits and interest in all present and future, HLB Shares which are in excess of an aggregate amount of HLB Shares which comprises of 50% of the ordinary share capital of HLB and one (1) ordinary share in HLB;

(j) Dispose of any assets in excess of an aggregate value equivalent to 25% of the Issuer’s net assets, based on the latest annual audited financial statements, in any financial year, unless (1) the asset disposal is solely for the purpose of facilitating any Shariah concepts used in Islamic financing facilities granted to the Issuer; (2) it does not result in a downgrade or negative rating watch of the rating of the Senior Notes based on the rating immediately prior to the date of announcement of such asset disposal; and (3) the Issuer is not or will not be in breach of any provisions of the Transaction Documents as a result of such asset disposal. For the avoidance of doubt, any transfer of assets between the Issuer and its subsidiaries, or transfer of assets amongst the subsidiaries, as part of a corporate exercise shall not be deemed as a disposal; and

(k) Any other negative covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

Sub-Notes and Capital Securities

No negative covenants.

c. **Financial covenants**

No financial covenant

d. **Information covenants**

Senior Notes, Sub-Notes and Capital Securities

The covenants which shall include (but are not limited to) the following and those required to comply with the Trust Deeds Guidelines:-

(a) The Issuer shall deliver to the Bond Trustee:

(i) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial year), copies of its consolidated financial statements for that year, which shall contain the balance sheet, income statement and cashflow statement of the Issuer and which are audited and certified by a firm of independent certified public accountants of international repute;

(ii) as soon as they become available (and in any event within 90 days after the end of the first half of its financial year), copies of its consolidated unaudited half-yearly financial statements which shall contain the balance sheet, profit and loss statement and cashflow

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statement, which are duly certified by any one of its directors;

(iii) any other accounts, report, notice, statement, circular or other documents issued by the Issuer to its shareholders;

(iv) to the extent permitted by applicable laws such additional financial or other information relating to the Issuer’s business and its operations, shareholders or creditors as the Bond Trustee may from time to time reasonably request;

(v) deliver to the Bond Trustee and the Facility Agent, any information which the Bond Trustee or the Facility Agent may require in order to discharge its duties and obligations as trustee or facility agent (as the case may be) to the extent permitted by law;

(vi) at least on an annual basis together with its annual audited accounts, a certificate signed by a director confirming that:

(A) it has observed, performed and complied with all its covenants, representations, warranties and obligations under the Transaction Documents; and

(B) no Event of Default has occurred since the date of first issue of the Senior Notes or the date of the last certificate (as the case may be) or if an Event of Default has occurred or did exist since the date stipulated above, the Issuer shall provide the details of such Event of Default and the steps taken by the Issuer to rectify the Event of Default;

Any such accounts, reports, notices, statements or circulars delivered to the Bond Trustee in accordance with this clause may be circulated by the Bond Trustee at its discretion to the Noteholders as well as the Credit Rating Agency;

(b) promptly notify the Bond Trustee in the event the Issuer becomes aware of:

(i) the occurrence of any Event of Default or such other right or remedy under the terms, provisions or covenants of the Transaction Documents have become immediately enforceable and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Bond Trustee to remedy and/or mitigate the effect of the Event of Default;

(ii) any circumstances that has occurred that would materially prejudice the Issuer;

(iii) any substantial change in the nature of the business of the Issuer;

(iv) any change in the withholding tax position or taxing jurisdiction of the Issuer;

(v) any change in the utilisation of proceeds from the Notes Programme; or

(vi) any matter that may materially prejudice the interest of the Noteholders;

(c) deliver to the Credit Rating Agency all such reports and/or information as may be required by the Credit Rating Agency in respect of the Notes;

(d) promptly notify the Bond Trustee in the event of:

(i) any change in the person or signatories of the Issuer who are authorised to act for and on behalf of the Issuer in respect of the Transaction Documents;

(ii) the Issuer ceases to be the single largest (direct or indirect) shareholder in HLB;

(iii) any event of default in relation to other indebtedness of the Issuer or any occurrence that in its reasonable opinion might adversely affect its ability to perform and fully comply with its obligations under the Transaction Documents;

(iv) any circumstance that has occurred that would prejudice the Trust Deed and of any litigation or other proceedings of any nature whatsoever being initiated against the Issuer before any court or tribunal or administrative agency which will have a Material Adverse Effect; and

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(v) any event or circumstances which will have a Material Adverse Effect or which may materially and/or adversely impact the operating performance of the Issuer; and

(e) Any other information covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

(22) Details of designated account(s) : No designated account

(23) Name of credit rating agency and credit rating :

No.	Credit Rating Agency	Credit rating	Final/ Indicative rating	Partial	Amount rated
1	RAM Rating Services Bhd (RAM)	AA1	Final rating	No	MYR 25,000,000,000.00
2	RAM Rating Services Bhd (RAM)	AA2	Final rating	No	MYR 25,000,000,000.00
3	RAM Rating Services Bhd (RAM)	A1	Final rating	No	MYR 25,000,000,000.00

(24) Conditions precedent : To include but not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger):

- (a) A legal opinion from the Solicitors addressed to the Lead Arranger advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents;
- (b) A written confirmation from the Solicitors addressed to the Lead Arranger that all the conditions precedent have been fulfilled or waived as the case may be and where required, all the necessary Transaction Documents have been presented for registration with the relevant registries;
- (c) Certified copies of the following
 - (i) the certificate of incorporation, memorandum and articles of association or constitution (if any), latest Forms 24, 44 and 49 (or any equivalent forms as prescribed under the Companies Act 2016) and any other constitutive documents of the Issuer; and
 - (ii) the resolution(s) of the Board of Directors of the Issuer authorising issuance of the Notes, the execution of documents relating to the Notes and the entry into and performance of the transactions contemplated thereby;
- (d) The requirements relating to the lodgement of the documents and information relating to the Notes in accordance with Section A and Part 3 (Corporate Bonds and Sukuk) of Section B of the Lodge and Launch Framework issued by the SC have been complied with;
- (e) The Transaction Documents have been signed and, where applicable, stamped (unless otherwise exempted) and presented for registration;
- (f) The approval from BNM to establish the Notes Programme;
- (g) The Issuer has obtained a minimum long term rating of AA1 for the Senior Notes from RAM;
- (h) The Issuer has obtained a minimum long term rating of AA2 for the Sub-Notes from RAM;
- (i) The Issuer has obtained a minimum long term rating of A1 for the Capital Securities from RAM;
- (j) Should a rating by international rating agency(ies) for the non-RM denominated Notes be required by the investor(s), receipt of such rating(s) acceptable to the Lead Manager;
- (k) A report of the relevant company search of the Issuer;

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(l) A report of the relevant winding up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the Lead Arranger) signed by a director of the Issuer declaring that the Issuer is not wound up and that no winding up petition has been presented against the Issuer;

(m) Evidence that each of the Trustees’ Reimbursement Account has been opened and that a sum of Ringgit Thirty Thousand (RM30,000.00) will be deposited into it from the issuance proceeds of the Notes upon first issuance;

(n) Legal due diligence report on the Issuer satisfactory to the Lead Arranger; and

(o) Such other conditions precedent as may be advised by the Solicitors to the Lead Arranger.

(25) Representations and warranties : Representation and warranties will include such representation and warranties customary and standard for a facility of this nature and shall include, but not limited to the following:

(a) The Issuer is duly incorporated, validly in existence and has the power and authority to carry out its business;

(b) The Issuer has the power to enter into the Transaction Documents and exercise its rights and to perform its obligations under the Transaction Documents;

(c) Entry into and the exercise of the Issuer’s rights and obligations under the Transaction Documents do not violate any existing law or regulation;

(d) The Transaction Documents create valid, binding and enforceable obligations on the part of the Issuer;

(e) All necessary actions, authorisations and consents required under the Transaction Documents and the Notes have been obtained and remain in full force and effect;

(f) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent a true and fair view;

(g) Save as disclosed in the Information Memorandum, there is no litigation which would have a material adverse effect on the Issuer’s ability to perform its obligations under the Transaction Documents; and

(h) Such other representation and warranties as may be advised by the Solicitors.

(26) Events of defaults or enforcement events, where applicable, including recourse available to investors : Events of defaults applicable to Senior Notes
The events of default (each an “**Event of Default**”) which shall include (but are not limited) to the following and those required to comply with the Trust Deeds Guidelines:-

a) The Issuer fails to pay any amount due from it under the Senior Notes and the Transaction Documents and the Issuer does not remedy such default within a period of seven (7) business days;

b) There is a breach by the Issuer of any term or condition of the Senior Notes or provision of the Transaction Documents (other than item a) above) and in the case of a breach capable of being remedied, the Issuer has not remedied the said breach within sixty (60) days after the Issuer has become aware or has been notified of the breach;

c) The Issuer makes or enters into a general assignment or arrangement or composition with or for the benefit of its creditors, or a moratorium is declared on any of its indebtedness (whether pursuant to section 366 of the Companies Act 2016 (“**Act**”) or otherwise), or any creditors’ scheme of arrangement under section 366 of the Act is instituted against the Issuer;

d) The Issuer is wound up, or is declared insolvent or consents to the appointment of a custodian or a receiver over the whole or a substantial part of the assets of the Issuer;

e) Any other indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within sixty (60) days from

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the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;

f) Any step is taken for the winding up, dissolution or liquidation of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within sixty (60) days from the date of service of such winding up petition;

g) All or a substantial portion of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which will have a Material Adverse Effect (as defined below);

h) There is a revocation, withholding or modification of a license, authorisation or approval that would materially and adversely impair or prejudice the Issuer’s ability to comply with the terms and conditions of the Senior Notes and/or the Transaction Documents;

i) Any representation or warranty which is made (or acknowledged in writing to have been made) or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Senior Notes and/or any of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be accurate in all material respects and has a Material Adverse Effect on the Notes Programme;

j) A distress, execution, sequestration or other process is levied or enforced upon or sued out against any of the undertakings, assets, rights or revenues of the Issuer and is not discharged or disputed in good faith in a court of competent jurisdiction within thirty (30) days after being levied, enforced or sued out and Provided That such distress, execution, sequestration or other process has or will have a Material Adverse Effect on the Issuer; and

k) Such other events of default as may be advised by the Solicitors.

Upon the occurrence of an Event of Default, and the Event of Default being capable of remedy, is not remedied within the relevant remedy period specifically provided, or if not provided, within thirty (30) days of receipt of notice to do so from the Facility Agent and/or the Bond Trustee, the Bond Trustee may or shall (if directed to do so by a special resolution of the Senior Noteholders) declare the Senior Notes immediately due and payable, whereby no further issuance of Senior Notes may be made under the Notes Programme and the whole of the principal sums of the Senior Notes outstanding together with all other sums payable under the Senior Notes shall become immediately due and payable.

“Material Adverse Effect” means, in relation to the Issuer, any material adverse effect on the financial condition of the Issuer or the occurrence of any event, which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.

Enforcement events applicable to the Sub-Notes and Capital Securities.

There are no events of default under the Sub-Notes and Capital Securities. The **“Enforcement Event”** means the occurrence of any of the following:-

(i) a default is made in payment of any principal amount or any periodic payment on the due date and the Issuer does not remedy such default within a period of seven (7) business days; or

(ii) an order is made for the winding up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for winding up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation, the terms of which have been approved by the holders of the Sub-Notes and/or Capital Securities (as the case may be) by way of special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed, the Bond Trustee may or shall (if so directed by a special resolution of the relevant holders of the Sub-Notes or Capital Securities (as the case may be)) institute proceedings to enforce the obligations of the Issuer for payment due under the relevant Sub-Notes or Capital Securities (as the case may be)

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and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Bond Trustee nor any of the holders of the Sub-Notes or Capital Securities (as the case may be) shall have the right to accelerate payment of the relevant Sub-Notes or Capital Securities (as the case may be) in the case of a default in the payment of any amount owing under the relevant Sub-Notes or Capital Securities (as the case may be) or any non-performance of any condition, provision or performance of any covenant under the Trust Deed.

Upon occurrence of item (ii) above, subject to the terms of the Trust Deed, the Bond Trustee may or shall (if directed to do so by a special resolution of the holders of the Sub-Notes or Capital Securities (as the case may be)), by notice in writing to the Issuer, declare that notwithstanding the maturity date of the Sub-Notes or Capital Securities (as the case may be), all outstanding amounts due from the Issuer on the Sub-Notes or Capital Securities (as the case may be) shall become due and immediately payable.

For the avoidance of doubt, the occurrence of item (i) above for any tranches of the Sub-Notes or Capital Securities (as the case may be) will not trigger an Enforcement Event for other tranches of the Sub-Notes or Capital Securities (as the case may be) outstanding. However, occurrence of item (ii) above will trigger an Enforcement Event for all tranches of the Sub-Notes or Capital Securities (as the case may be) outstanding.

In relation to the Capital Securities, for the avoidance of doubt, no Periodic Distribution shall be due and payable if such Periodic Distribution or part thereof has been (i) cancelled or is deemed cancelled (in each case, in whole or in part) under the paragraph entitled “Other terms and conditions – Limitation On Payment of Distribution” or (ii) deferred by the Issuer pursuant to the provision on the “Circumstances for Cumulative Distribution” under the paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution”.

(27) Governing laws : For Notes issued in Malaysia
The Notes will be governed by, and shall be construed in accordance with the laws of Malaysia.
For Notes issued outside Malaysia
The laws of such jurisdiction as shall be agreed upon by the Issuer and the Lead Manager.

(28) Provisions on buy-back : **Senior Notes**
The Issuer or any of its subsidiaries or agents of the Issuer may at any time purchase the Senior Notes or part thereof at any price in the open market or by private treaty. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Senior Notes equally. The Senior Notes purchased by the Issuer or its subsidiaries or agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

Sub-Notes and Capital Securities

Subject to the prior approval of BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Issuer or any of its subsidiaries or agents of the Issuer may at any time purchase the Sub-Notes and/or the Capital Securities or part thereof at any price in the open market or by private treaty provided no Non-Viability Event (as defined in the paragraph entitled “Other terms and conditions” – “Non Viability Loss Absorption”) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to (i) in the case of the Sub-Notes, all holders of Sub-Notes equally and (ii) in the case of the Capital Securities, all holders of Capital Securities equally. The Sub-Notes and/or the Capital Securities purchased by the Issuer or its subsidiaries or agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

The Notes purchased by other related corporations (other than its subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the Notes subject to any exceptions in the Trust Deeds Guidelines.

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- (29) Provisions on early redemption : Please refer to the paragraph entitled “Call option and details, if applicable”.
- (30) Voting : Voting by the Noteholders shall be carried out on a "per tranche" basis and not on a collective basis.
The Noteholders shall have no voting rights in any way whatsoever that are of an equivalent nature to those of the shareholders of the Issuer.
- (31) Permitted investments : No permitted investments
- (32) Ta'widh (for sukuk) : Not applicable
- (33) Ibra' (for sukuk) : Not applicable
- (34) Kafalah (for sukuk) : Not applicable

Other terms and conditions :

(a) Expected facility/ programme size : The combined limit of the Notes Programme and the commercial papers (“CPs”) programme of RM3.0 billion in nominal value (“**New CP Programme**”) shall be RM25.0 billion or its equivalent in other currencies in nominal value (“**Master Limit**”). The Notes Programme and the New CP Programme shall collectively be referred to as the “**Master Programme**”.

(b) Tenure of the Notes : **Senior Notes**

Each issuance of Senior Notes shall have a tenure of more than one (1) year.

Sub-Notes

Each issuance of Sub-Notes shall have a tenure of more than five (5) years.

Capital Securities

The tenure for each issuance of the Capital Securities shall be perpetual.

(c) Profit / coupon or equivalent rate (%) : **Senior Notes**

The Senior Notes will bear a periodic coupon rate to be determined and agreed prior to each issuance, including a step up rate (if Call Option is applicable).

Sub-Notes

The Sub-Notes will bear a periodic coupon rate to be determined and agreed prior to each issuance. The periodic coupon rate which is based on a fixed rate is applicable throughout the tenure of the relevant Sub-Notes (i.e. there shall be no step-up coupon rate).

Capital Securities

Subject to the paragraph entitled “Other terms and conditions - Limitation on Payment Distribution”, the Capital Securities confer a right to receive **Periodic Distribution** Amount (as defined below) from (and including) the issue date at the Distribution Rate (as defined below) (“**Periodic Distribution**”).

“**Periodic Distribution Amount**” shall be calculated at the Distribution Rate on the outstanding nominal value of the Capital Securities based on the actual number of days elapsed over 365 days basis (actual/365) or in any event, in accordance with the rules issued by PayNet.

The rate of the Periodic Distribution (“**Distribution Rate**”) shall be determined prior to the issuance of each tranche of Capital Securities.

The Distribution Rate shall be either (a) a fixed rate applicable throughout the tenure of the Capital Securities, OR (b) a floating rate based on the

aggregate of a benchmark rate plus a credit spread subject to a reset of the benchmark rate PROVIDED that (i) the credit spread in the Distribution Rate shall be maintained at all times; (ii) the first reset date and frequency of subsequent resets shall be determined prior to each issuance; and (iii) the basis for determining the benchmark rate shall be the same throughout the tenure of the Capital Securities.

Should the Issuer opt for a floating rate, in relation to the first tranche of Capital Securities, the first reset date shall be the Distribution Payment Date falling five (5) years after the issue date (with subsequent resets every five (5) years) or such later date (and such longer subsequent reset period) as may be agreed to between the Issuer and the PA/LA prior to issuance of such tranche of Capital Securities, and in relation to any other tranche of Capital Securities, such date and reset period as shall be agreed to between the Issuer and the PA/LA prior to issuance of such tranche of Capital Securities.

For avoidance of doubt, the benchmark rate and the credit spread shall be agreed upfront prior to issuance of any Capital Securities with floating rate.

(d) Profit / coupon : **Senior Notes**
payment
frequency and
basis

Periodic coupon payment will be payable quarterly or semi-annually in arrears, to be determined prior to issuance of each tranche of Senior Notes.

Sub-Notes

Periodic coupon payment will be payable quarterly or semi-annually in arrears ("**Periodic Coupon Payment Date**"), to be determined prior to issuance of each tranche of Sub-Notes.

Capital Securities

Subject always to the paragraph entitled "Other terms and conditions" – "Limitation on Payment Distribution", Periodic Distribution will be payable quarterly or semi-annually in arrears ("**Distribution Payment Date**"), to be determined prior to issuance of each tranche of Capital Securities.

(e) Profit / coupon : **Ringgit denominated Notes:-**
payment basis

Actual / 365

Foreign currency denominated Notes:-

Such other convention as may be agreed between the Issuer and the Lead Manager(s) prior to issuance.

(f) Details utilisation of proceeds on : Proceeds from the issuance of each tranche of Notes shall be utilised, without limitation, to on-lend to the Issuer's subsidiaries, for investment into the Issuer's subsidiaries, for working capital, general investment and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Issuer and/or any existing Notes issued under the Notes Programme.

(g) Limitation on Payment of Distribution : The payment of Periodic Distribution under the Capital Securities shall be at the Issuer's sole and absolute discretion and is subject to:

- (i) Such payment not resulting in a breach of the capital requirements applicable to the Issuer under the relevant BNM's capital guidelines;
- (ii) The Issuer is solvent at the time of payment of the Periodic Distribution and the payment of the Periodic Distribution will not result in the Issuer becoming, or likely to become insolvent; and
- (iii) Such payment being made from Distributable Reserves (as defined below) only.

"Distributable Reserves" means at any time, the amounts for the time being available to the Issuer for distribution as a dividend as of the date of the Issuer's latest audited financial statements in compliance with section 131 of the Companies Act 2016 (or its equivalent under any successor laws) provided that if the Issuer reasonably believes that the available amounts as of any Distribution Determination Date (as defined below) are lower than the available amounts as of the date of the Issuer's latest audited financial statements and are insufficient to pay the Periodic Distribution and for payments of any dividends or other distributions in respect of other liabilities or obligations of the Issuer which by their terms or by operation of law, rank pari passu with the Capital Securities, on the relevant Distribution Payment Date, then two (2) directors of the Issuer shall provide a certificate to the Bond Trustee (acting on behalf of the holders of the Capital Securities), on or prior to the relevant Distribution Payment Date, setting out the available amounts as of such Distribution Determination Date (which certificate of the two (2) directors will be binding absent manifest error) and the Distributable Reserves as of such Distribution Determination Date for the purposes of such Periodic Distribution will mean the available amounts as set forth in such certificate.

"Distribution Determination Date" means, with respect to any Distribution Payment Date, the day falling five (5) business days prior to that Distribution Payment Date.

If the Issuer is unable to meet any of the conditions (i), (ii) or (iii) above, the Issuer shall cancel the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date provided always in the case where conditions (i) and (ii) are met but the Distributable Reserves are insufficient to pay the Periodic Distribution in full, the Issuer may elect to pay a part of the Periodic Distribution up to the amount available from the Distributable Reserves and cancel the other part of the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date. Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Senior Notes, Sub-Notes and Capital Securities issued under the Notes Programme respectively.

Notwithstanding that the Issuer is able to meet all the conditions (i), (ii) and (iii) above, the Issuer may also, at its sole and absolute discretion:

- (A) pay a part of the Periodic Distribution and cancel the other part of the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date; or
- (B) cancel the whole Periodic Distribution which would otherwise have been payable on such Distribution Payment Date,

For the avoidance of doubt, the Issuer has no obligation to pay, and the holders of the Capital Securities have no right to receive, the Periodic Distribution or a part thereof, which has been cancelled at the sole and absolute discretion of the Issuer, at any Distribution Payment Date. Any payment made is at the sole and absolute discretion of the Issuer.

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

If practicable, the Issuer shall provide notice of any cancellation of Periodic Distribution (in whole or in part) to the holders of the Capital Securities (via the Bond Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least three (3) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of Periodic Distribution, or give the holders of the Capital Securities any rights as a result of such failure.

Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Senior Notes, Sub-Notes and Capital Securities issued under the Notes Programme respectively.

Circumstances for Cumulative Distribution

Notwithstanding the above, if (i) the Capital Securities or any tranche thereof no longer qualify as Additional Tier 1 capital of the Issuer, (in whole and not in part) for the purposes of BNM's minimum capital adequacy requirements under any applicable regulations, and such disqualification has been confirmed by BNM in writing, and (ii) the Issuer is not in breach of BNM's minimum capital adequacy ratio requirements applicable to the Issuer, any Periodic Distribution payable after the date of notification from BNM of such disqualification ("**Disqualification Date**") may be deferred, in whole or in part, at the Issuer's sole and absolute discretion but shall not be cancelled in accordance with the provisions of this paragraph. Any portion of the Periodic Distribution payable on a Distribution Payment Date occurring after the Disqualification Date, but deferred at the Issuer's sole and absolute discretion shall start to become cumulative and compounding at the Distribution Rate from (and including)

the said Distribution Payment Date (“**Deferred Distribution Date**”) up to the date of actual payment of such deferred Periodic Distribution. In such circumstances, the deferred Periodic Distribution, together with accrued amounts will become due and payable no later than ten (10) years from the Deferred Distribution Date, or upon redemption of the Capital Securities, whichever is earlier.

For the avoidance of doubt, any Periodic Distribution payable prior to the Disqualification Date shall be paid or cancelled in accordance with the paragraph entitled “Other terms and conditions” – Limitation on Payment of Distribution”.

If the Issuer does not make a Periodic Distribution on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Periodic Distribution), such non-payment or part-payment shall serve as evidence of the Issuer’s exercise of its discretion to defer such Periodic Distribution (or the portion of such Periodic Distribution not paid).

If practicable, the Issuer shall provide notice of the deferment of Periodic Distribution (in whole or in part) to the holders of the Capital Securities (via the Bond Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least three (3) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such deferment of Periodic Distribution, or give the holders of the Capital Securities any rights as a result of such failure.

Any such deferment will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Senior Notes, Sub-Notes and Capital Securities issued under the Notes Programme respectively.

- (h) Dividend and Capital Stopper : In respect of the Capital Securities only, in the event that the Issuer has not made a full payment of any Periodic Distribution on a Distribution Payment Date, then (i) the Issuer shall not pay any dividends to its shareholders or make any payment or distribution on any security or instruments ranking pari passu with or junior to the Capital Securities and which terms do not require the Issuer to make such payment or distribution (“**Dividend Stopper**”); and (ii) the Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares, securities or instruments ranking pari passu with or junior to the Capital Securities, or any securities of any of its subsidiary benefiting from a guarantee from the Issuer, ranking, as to the right of redemption of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the Capital Securities (“**Capital Stopper**”).

The Dividend Stopper and the Capital Stopper shall continue to apply, as the case may be, until either of the conditions below is met:

- (i) the Issuer has paid full Periodic Distribution scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4)

consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper;

- (ii) the Issuer has irrevocably set aside in a separately designated trust account of the Issuer for payment to the holders of the Capital Securities, an amount sufficient to provide for the full Periodic Distribution scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper and if upon determination of the amount of each of such Periodic Distribution there is a shortfall in the amounts set aside in such separately designated trust account with reference to the amounts so determined, an amount at least equal to such shortfall shall be paid or irrevocably set aside in the same manner; or
- (iii) an Optional Distribution (as defined below) has, at the option of the Issuer and subject to BNM's approval, been paid to all holders of the Capital Securities equal to, (without duplication of amounts previously paid to the holders of the Capital Securities) amounts outstanding (if any) on the Capital Securities which were scheduled to be paid in the twelve (12) months before the date of payment of the Optional Distribution.

"Optional Distribution" means an amount, equal to any Unpaid Distribution Amount, scheduled to have been paid during the twelve (12) month period immediately preceding the date on which the Issuer shall pay the Optional Distribution.

"Unpaid Distribution Amount" means any Periodic Distribution which is cancelled by the Issuer pursuant to the paragraph entitled "Other terms and conditions – Limitation on Payment of Distribution".

(i) Non Viability : Following the occurrence of the following trigger events (each a "**Non-Loss Absorption Viability Event**"), whichever is earlier:

- (i) BNM, jointly with the Malaysia Deposit Insurance Corporation ("**PIDM**"), so long as the Issuer is a Member Institution (as defined in the Malaysia Deposit Insurance Corporation Act 2011), or BNM, if the Issuer is not a Member Institution ("**Relevant Malaysian Authority**") have notified the Issuer in writing that they are of the view that the principal write off of the Sub-Notes and/or write off of the Capital Securities, together with the conversion or write off of any other Tier 2 Instruments and Tier 1 Instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity, or written off at that time, is necessary, without which the Issuer and its subsidiaries ("**HLFG Group**") 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 HLFG Group would cease to be viable,

the Relevant Malaysian Authority shall have the option to require the entire principal outstanding or such portion thereof and all other amount owing under the Sub-Notes and/or Capital Securities (as the case may be) be written off, and if the Relevant Malaysian Authority elect to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event, each of the holders of the Sub-Notes and/or Capital Securities (as the case may be) hereby irrevocably waives its right to receive payment of the principal amount of the Sub-Notes and/or Capital Securities (as the case may be) and also irrevocably waives its right to any coupon / Periodic Distribution (including coupon / Periodic Distribution accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

Such write off of Sub-Notes and/or Capital Securities (as the case may be) shall not constitute an event of default or Enforcement Event, nor would it trigger a cross-default under any other outstanding Senior Notes, Sub-Notes and Capital Securities issued under the Notes Programme respectively.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from the Relevant Malaysian Authority.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the holders of the Sub-Notes and/or Capital Securities (as the case may be, via the Bond Trustee) and the Rating Agency, if applicable, in accordance with the terms of the Sub-Notes and/or Capital Securities, that as of the relevant write-off date (as the case may be):

(i) the write-off shall reduce:

(1) the claim of the Sub-Notes and/or Capital Securities (as the case may be) in liquidation. The holders of the Sub-Notes and/or Capital Securities (as the case may be) will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any payment of the aggregate principal amount of the Sub-Notes and/or Capital Securities written-off (as the case may be);

(2) the amount to be re-paid when a redemption is exercised pursuant to the Optional Redemption, Regulatory Redemption and/or Tax Redemption; and

(3) coupon payment/ Periodic Distribution (as the case may be);

(ii) the write-off shall be permanent and the whole or part (as the case may be) of the principal amount of the Sub-Notes and/or Capital Securities (as the case may be) will automatically be written-off to zero and the whole or part (as the case may be) of the Sub-Notes and/or Capital Securities (as the case may be) will be cancelled.

(j) Capital Event Trigger : In respect of the Capital Securities only, a Capital Trigger Event occurs when the Common Equity Tier 1 Ratio of the Issuer (at the consolidated level) falls below 5.125% as of the relevant quarterly reporting date where the quarterly unaudited consolidated financial results of the Issuer are

published, announced and made publicly available (“**Capital Trigger Event Date**”).

“**Common Equity Tier 1 Ratio**” means the common equity tier 1 capital ratio as determined by the New CA Framework.

(k) Capital Trigger Event Write Off : In respect of the Capital Securities only, upon the occurrence of a Capital Trigger Event, such nominal value of Capital Securities shall be written off such that the effect of such write off, together with the write off or conversion of other relevant Tier 1 Instruments which pursuant to their terms or by operation of law, are capable of being converted into equity, or written off at that time, will return the Common Equity Tier 1 Ratio of the Issuer (at the consolidated level) to be at least 5.75%. Such write off of the Capital Securities, together with the write off or conversion of other relevant Tier 1 Instruments, if any, shall be done on a pro-rata basis.

(l) Ranking : **Senior Notes**

The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking pari-passu without any preference or priority among themselves and at least pari-passu with all other present and future unsecured obligations of the Issuer, save and except for those obligations preferred by law.

Sub-Notes

The Sub-Notes will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer. The Sub-Notes will, in the event of a winding-up or liquidation of the Issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinate to the Sub-Notes

Capital Securities

The Capital Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer.

In the event of a winding-up or liquidation of the Issuer, amounts payable on the Capital Securities will be subordinated in right of payment to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer except, in each case, to those liabilities which by their terms rank equal with or junior to the Capital Securities.

Claims in respect of the Capital Securities will rank pari passu and without preference among themselves and with the most junior class of preference shares (if any) of the Issuer and any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 capital of the Issuer on a consolidated basis, pursuant to the relevant requirements set out in BNM’s guidelines, or otherwise ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Capital Securities, but in priority to the rights and claims of holders of the ordinary shares of the Issuer.

- (m) Setting off : No holder of the Notes may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes, and the Noteholders shall, by virtue of his holding of any Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the Notes to the fullest extent permitted by law. If at any time the Noteholders receives payment or benefit of any sum in respect of the Notes (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the Notes, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and the Noteholders by virtue of his holding of any Notes, shall, agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Notes.
- (n) Withholding taxes : All payments in respect of the Notes by or on behalf of the Issuer shall be made in full without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction, unless the withholding or deduction of the taxes is required by law. In the event such taxes are imposed, the Issuer will not have to pay additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction.
- (o) Amendments to the Terms and Conditions of the Notes : Amendments to the terms and conditions of the Notes shall only be made with the prior approval of BNM where such proposed amendments could impact its eligibility as Tier 2 capital or Additional Tier 1 capital of the Issuer (as the case may be).
- (p) Transaction Documents : The Notes shall be evidenced by, inter alia, the following:
1. the Notes (in the form of global certificates and/or definitive certificates);
 2. the Securities Lodgement Form;
 3. each Subscription Agreement;
 4. the Trust Deed;
 5. the Programme Agreement; and
 6. all other documents relating to the Notes as advised by the Solicitors.
- (q) Option to Upsize : The Issuer shall have the option to upsize the Notes Programme limit

provided that (a) there is no adverse impact on the rating of the Notes Programme, if rating requirements are applicable; and (b) the relevant regulatory approvals have been obtained (including but not limited to the approval from BNM). For the avoidance of doubt, no consent from the existing holders of the outstanding Notes at that time is required for the purposes of the upsizing of the programme limit.

- (r) Clearing and settlement platform and mode of issue (for Notes issued outside Malaysia) : **Clearing and settlement platform**
- Such clearing and settlement platform customary in the relevant market for such issuance.
- Mode of issue**

The Notes shall be issued in accordance with the procedures and rules of the relevant jurisdiction.

- (s) Tradability and transferability : The Notes are transferable (subject to the Selling Restrictions described above) and tradable under, in the case of Notes issued in Malaysia, the Rules on Scripless Securities under the RENTAS operated by PayNet, and in the case of Notes issued outside Malaysia, the procedures and rules of the relevant jurisdiction.

- (t) Name of credit rating agency and credit rating : In relation to the paragraph entitled “Credit rating(s) of facility/programme, if applicable”, the credit rating details contained therein are applicable to the Senior Notes, the Sub-Notes and the Capital Securities denominated in Ringgit and foreign currency. Please refer to the following credit rating details:

Senior Notes

Credit rating agency: RAM
Credit rating: AA1
Final/Indicative rating: Final rating
Partial: No
Amount rated: RM25,000,000,000.00 (or its equivalent in other currencies)

Sub-Notes

Credit rating agency: RAM
Credit rating: AA2
Final/Indicative rating: Final rating
Partial: No
Amount rated: RM25,000,000,000.00 (or its equivalent in other currencies)

Capital Securities

Credit rating agency: RAM
Credit rating: A1
Final/Indicative rating: Final rating
Partial: No
Amount rated: RM25,000,000,000.00 (or its equivalent in other currencies)

The non-ringgit denominated Notes may be rated by international rating agency(ies).

The Issuer may at its discretion, in relation to each tranche of the Notes, determine prior to the issuance of the Notes, to issue unrated Notes (“**Unrated Notes**”). The rating details above are not applicable to Unrated Notes issued under the Notes Programme.

For the avoidance of doubt, subject to there being no outstanding rated Senior Notes, Sub-Notes and/or Capital Securities (where applicable), the Issuer may elect to remove the credit rating of the Senior Notes, Sub-Notes and/or Capital Securities and any subsequent Senior Notes, Sub-Notes and/or Capital Securities to be issued under the Notes Programme will be unrated. Such election will not require the Noteholders’ consent.

- (u) Trustees’ Reimbursement Account : The Issuer shall, or the Bond Trustee shall on behalf of the Issuer, open and maintain, throughout the tenure of the Notes, a trustees’ reimbursement account for the Noteholder’s actions (the “**Trustees’ Reimbursement Account**”) and the credit balance of the Trustees’ Reimbursement Account must be no less than RM30,000.00 which amount is to be obtained from the proceeds of issuance of the Notes.

The Trustees’ Reimbursement Account shall be operated by the Bond Trustee and the money shall only be used strictly by the Bond Trustee in carrying out its duties in relation to the acceleration of the Notes pursuant to an Enforcement Event in the manner as provided in the Trust Deed.

Any unutilised monies in the Trustees’ Reimbursement Account shall be returned to the Issuer upon full redemption of the Notes if no acceleration of the Notes pursuant to an Enforcement Event takes place.

- (v) Disclosure of the following:

- (i) If the issuer or its board members have been convicted or charged with any offence under any security laws, corporation laws or other laws involving fraud or dishonesty in a court of law, or if any action has been initiated against the issuer or its board members for breaches of the : None.

same, for the past 10 years prior to the lodgement/since incorporation, for issuer incorporated less than 10 years; and

- (ii) If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to lodgement

None.

PRICING SUPPLEMENT



**BASEL III-COMPLIANT ADDITIONAL TIER 1 CAPITAL SECURITIES
("CAPITAL SECURITIES") UNDER A MULTI-CURRENCY PERPETUAL NOTES
PROGRAMME OF RINGGIT TWENTY FIVE BILLION (RM25,000,000,000.00) (OR
ITS EQUIVALENT IN OTHER CURRENCIES) IN NOMINAL VALUE**

Tranche No. 1

Issue of RM400.0 Million
Nominal Amount of Capital Securities

Principal Adviser, Lead Arranger and Lead Manager



**Hong Leong Investment Bank Berhad
(Company No. 10209-W)**

The date of this Pricing Supplement is 23 November 2017

This document (the “**Pricing Supplement**”) is issued to give details of Tranche No. 1 of Basel III-compliant Additional Tier 1 capital securities (“**Capital Securities**”) under a multi-currency perpetual notes programme (the “**Notes Programme**”) of Ringgit Twenty Five Billion (RM25,000,000,000.00) (or its equivalent in other currencies) in nominal value (or a higher amount to be decided by the Issuer if the Issuer exercises the option to upsize the limit of the Notes Programme, subject to all applicable laws and regulations and in accordance with the terms of the Notes Programme Agreement) by **HONG LEONG FINANCIAL GROUP BERHAD** (Company No. 8024-W). For the avoidance of doubt, the aggregate outstanding nominal value of the senior notes, the Capital Securities and the Basel III-compliant Tier 2 subordinated notes (when taken together with the aggregate outstanding nominal value of the commercial papers issued under the Issuer’s commercial papers programme of up to Ringgit Three Billion (RM3,000,000,000) in nominal value (“**CP Programme**”)) shall not exceed Ringgit Twenty Five Billion (RM25,000,000,000.00) (or its equivalent in other currencies) in nominal value (or a higher amount to be decided by the Issuer if the Issuer exercises the option to upsize the limit of the Notes Programme and/or the CP Programme, subject to all applicable laws and regulations and in accordance with the terms of the relevant programme agreement).

This Pricing Supplement is to be read in conjunction with the terms and conditions of the Capital Securities (the “**Conditions**”) set out in the trust deed dated 20 November 2017 made between the Issuer and **MALAYSIAN TRUSTEES BERHAD** (Company No. 21666-V), which is made a part hereof as if set forth herein and all documents incorporated by reference therein (“**Trust Deed**”).

Full information on the Issuer and the offer of the Capital Securities is only available on the basis of this Pricing Supplement, and if applicable, a combination of this Pricing Supplement and the information memorandum for the Notes Programme (“**Information Memorandum**”) (as may be issued and/or supplemented from time to time). The Information Memorandum and the supplement(s) to the Information Memorandum (if any) are available for viewing upon request from the Issuer.

Unless otherwise defined in this Pricing Supplement, capitalised terms used herein have the same meaning as in the Conditions. In case of any conflict between the terms of the Pricing Supplement and/or the Conditions and/or the Information Memorandum, the terms set forth in this Pricing Supplement shall govern.

The establishment of the Notes Programme and the issuance of this tranche of Capital Securities under the Notes Programme have been duly authorised by the Issuer by way of the resolution of the Board of Directors passed on 25 January 2017.

The Issuer hereby acknowledges that it has authorised the Principal Adviser/ Lead Arranger/ Lead Manager and/or its affiliates to circulate or distribute this Pricing Supplement on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Capital Securities to prospective investors who fall within the ambit of the Selling Restrictions (as defined below) for the purpose of the sale of this tranche of Capital Securities described herein pursuant to the Notes Programme and that no further evidence of authorisation is required.

The Capital Securities are tradable and transferable subject to the following Selling Restrictions:

Selling Restrictions at issuance

The Capital Securities may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Capital Securities and to whom the Capital Securities are issued would fall within:

- (i) Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)); read together with
- (ii) Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007 of Malaysia, (the “CMSA”) as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions after issuance

The Capital Securities may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Capital Securities and to whom the Capital Securities are issued would fall within:

- (i) Part I of Schedule 6 (or Section 229(1)(b)); read together with
- (ii) Schedule 9 (or Section 257(3))

of the CMSA as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

In addition to the above, the Capital Securities denominated in foreign-currency may only be offered, sold, transferred or otherwise disposed directly or indirectly to a Resident (as defined under the Financial Services Act 2013).

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Capital Securities or the distribution of this Capital Securities in any jurisdiction where such action is required.

This Pricing Supplement is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Pricing Supplement who does not fall within the ambit of the Selling Restrictions must immediately notify the Principal Adviser/ Lead Arranger/ Lead Manager and return this Pricing Supplement to the Principal Adviser/ Lead Arranger/ Lead Manager or the Issuer.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law, equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the

contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Pricing Supplement or any part of it from the recipient shall be deemed to have agreed to abide by this confidentiality undertaking.

The recipient must return this Pricing Supplement and any other information in connection therewith to the Principal Adviser/ Lead Arranger/ Lead Manager promptly upon the Principal Adviser/ Lead Arranger/ Lead Manager's request.

THERE ARE RESTRICTIONS ON THE DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING OR SALE OF THE Capital Securities IN MALAYSIA. PERSONS INTO WHOSE POSSESSION THIS PRICING SUPPLEMENT COMES INTO ARE REQUIRED BY THE ISSUER AND THE PRINCIPAL ADVISER/ LEAD ARRANGER/ LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTIONS.

Specific Final Terms

The following items under this heading “**Specific Final Terms**” are the particular terms which relate to the Capital Securities to which this Pricing Supplement relate. In case of any conflict between such terms and the terms and conditions set forth in the Conditions and/or the Information Memorandum, the terms set forth in this Pricing Supplement shall govern.

1. Issuer:	HONG LEONG FINANCIAL GROUP BERHAD (Company No. 8024-W).
2. Tranche No.:	1
3. Aggregate Nominal Value:	RM400,000,000.00
4. Issue Price:	RM400,000,000.00
5. Issue Date:	30 November 2017
6. Tenure of the Capital Securities to be issued:	Perpetual.
7. Yield to First Optional Redemption Date:	5.23% per annum.
8. First Optional Redemption Date:	30 November 2022.
9. Distribution Rate:	5.23% per annum comprising the benchmark rate plus the credit spread: (i) Benchmark rate: 5-year Malaysian Government Securities (“MGS”). The first reset date for the benchmark rate will be occurring 5 (five) years after Issue Date and with subsequent resets every 5 (five) years; and (ii) Credit spread: 1.50%.
10. Distribution Payment Period:	6 months.
11. Distribution payment basis:	Actual/365.
12. Principal Adviser/ Lead Arranger/ Lead Manager	HONG LEONG INVESTMENT BANK BERHAD (Company No. 10209-W).

13. Utilisation of proceeds:	To subscribe for the Additional Tier 1 capital securities to be issued by the Issuer's subsidiary, Hong Leong Bank Berhad (Company No. 97141-X), pursuant to its multi-currency Additional Tier 1 capital securities programme of up to RM10,000,000,000.00 (or its equivalent in other currencies).
14. Rating:	The Capital Securities have been rated A1 by RAM Rating Services Berhad.
15. Other conditions:	Please refer to the Conditions for the other terms and conditions applicable to the Capital Securities.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprise the final terms required for the issue of the tranche of Capital Securities described herein pursuant to the Notes Programme.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. The Issuer confirms that having made all enquiries as were reasonable, the information contained in this Pricing Supplement is in accordance with the facts and is not false, misleading or contain any material omission.

The Issuer confirms that where information has been sourced or extracted from third parties, the Issuer confirms that to the best of their knowledge and belief, and as far as they are able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of
HONG LEONG FINANCIAL GROUP BERHAD
(Company No. 8024-W)

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By:.....