

Malayan Banking Berhad, New York Branch Resolution Plan

Section 1: PUBLIC SECTION

December 2013

Humanizing Banking Services



Introduction

Malayan Banking Berhad, New York ("MBBNY") is pleased to present the public section ("Public Section") of the first annual U.S. Resolution Plan. Under the final regulations implementing Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the plan must be devised for a rapid and orderly resolution of the U.S. Operations.

Section 165(d) of the Dodd-Frank defines "rapid and orderly resolution" a reorganization or liquidation of a covered company that can be accomplished within a reasonable period of time and in a manner that substantially mitigates the risk that the failure of such company would have serious adverse effects on financial stability in the United States.

In September 2011, pursuant to the Dodd-Frank Act, the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Federal Deposit Insurance Corporation ("FDIC") issued a final rule that requires Foreign Banking Organizations ("FBOs") with assets of \$50 billion or more, along with companies designated as systemically important by the Financial Stability Oversight Council ("FSOC"), to submit to the Federal Reserve, the FDIC and the FSOC a plan for resolution under the U.S. Bankruptcy Code (the "Bankruptcy Code") in the event of material financial distress or failure of such company.

For a foreign-based covered company like the Maybank Group ("MBBG") the rule requires the U.S. Resolution Plan to include information only with respect to its subsidiaries, branches and agencies, and critical operations and core business lines, as applicable, that are domiciled in the United States or conducted in whole or material part in the United States.

MBBG operates a full US Branch and a separate Broker-Dealer subsidiary in US. The full branch of MBBG is licensed by New York State Department of Financial Services ("NYSDFS") in September 1984 to undertake commercial banking activities in the United States of America. The broker dealer Kim Eng USA is licensed by Financial Industry Regulatory Authority ("FINRA") and started operations in 1991. Subsequent to this office, new office in San Francisco was open in 2009.

Headquartered in Kuala Lumpur, Malaysia, the MBBG is the largest bank in Malaysia and one of the largest financial institutions in Asia Pacific as measured by total assets of USD\$ 161 billion as of December 31, 2012. As of that date, the MBBG employed 47,233 people on a full-time equivalent basis and operated in 20 countries out of 2,200 branches worldwide, of which 56 % were in Malaysia.

The US branch of MBBG, employed 33 employees and assets total of USD\$ 942 million as of December 31, 2012. The Maybank Kim Eng Securities USA Inc. assets totaled USD\$ 2.9 million with a staff of 18 as of December 31, 2012.

A. Description of U.S. Material Entities

1. Malayan Banking Berhad , New York Branch

Malayan Banking Berhad, New York Branch ("MBBNY") established its presence in New York in September 1984 as a wholesale branch licensed by the New York State Department of Financial Services ("NYSDFS") and regulated by the Federal Reserve Bank of New York ("FRBNY"). The MBBNY deposits are not insured by the FDIC and engage primarily in traditional lending and wholesale deposit activities and rates trading activities.

The asset size of MBBNY which comprises mainly of interbank placements, securities investments and loans, denominated in USD and wholesale banking services such as bills of exchange discounting, corporate accounts and remittances have no material impact to the covered entity financial stability and/or have any significant impact to their core business lines.

2. Maybank Kim Eng Securities USA Inc (MKEUSA)

MKEUSA is wholly owned subsidiary of Maybank IB Holdings Limited with offices in New York City and San Francisco. MKEUSA is a licensed US Broker Dealer serving Institutional Clients for purchases and sales in Asian Securities on an Agent basis based on Section 15(a)-6 of the Securities Exchange Act of 1934, as amended.

MKEUSA is registered with SEC and regulated by FINRA with total assets of 2.6 million as of December 31,2012 and staff of 16 in New York City office and staff of 2 in the San Francisco office.

Office Location

The principal place of the New York office is located at 777 3rd Avenue, 21st floor, New York, NY 10017-1401.

The principal place of San Francisco office is located at 555 California Street - 2nd Floor - San Francisco

Principal Officers

Head of Sales and Trading - Francis Seow
Chief Financial Officer - Jessica Kim
Head of Operations - Joe Borruso
Chief Compliance Officer - Larry Walther

B. Description of Core Business Lines

MBBNY operates two core business lines. The Maybank Global Markets New York (“MGMNY”) and Corporate Banking & Client Coverage (“CBCC”).

Maybank Global Markets New York (“MGMNY”)

Core business lines include :

1. Wholesale deposits/placement

Provides primarily source of funds for corporate lending activities and investment portfolio. Both activities are identified as core business lines and closely interdependent.

2. Repurchase/reverse repurchase agreements

The “Repo” business line provide source of funds from US publicly traded entities and is an active and significant source of funding for wholesale banking investments.

3. Investment Portfolio

Investment on Securities Available for Sale issued by USD Treasury, agency and corporate bonds.

4. Derivatives

Derivatives contracts with counterparts are arranged to hedge interest rate risk such as Interest Rate Swaps, interest rate futures contracts.

Corporate Banking and Client Coverage (“CBCC”)

Core business lines include :

1. Wholesale lending activities in USD denominated syndicated loans in the primary loan market and purchase by assignment of secondary traded USD denominated loans.

2. Secured and unsecured loans to US based corporate entities and bi-lateral relationship borrowers based in the United States. These borrowers are U.S. subsidiaries/affiliates of MBBG relationship Borrowers.

C. Summary Financial Information

1. Balance Sheet Information of MBBNY as at 31 December, 2012

Assets	Amount (USD\$ m)
Cash and balances due from depository institutions	234,05
U.S. Treasury Securities	15,01
Other Bonds, notes, debentures and corporate stock	288,71
Federal Funds Sold	40,00
Loans and Leases, net of unearned income	329,60
Trading Securities	9,99
Other Assets	24,87
Total	942,23
Liabilities	Amount (USD\$ m)
Total deposits and Credit Balances	499,34
F.F. Purchased	31,50
Securities sold under agreements to repurchase	39,27
Other Borrowed Money	70,00
Other liabilities	34,01
Net due to related institutions	268,11
Total	942,23

2. Major Funding Sources

Funding Operations

MBBNY funds its assets primarily with a mix of wholesale deposits and through the Medium Term Funding facility from Head Office and collateralized corporate funding (Repos). MBBNY fund short term gaps via wholesale deposits and 1 to 3 years gap through Medium Term Funding from Head Office.

Liquidity Policy

In addition to the MBBNY funding operations, MBBG has established a Liquidity Policy Statement ("LPS") for MBBNY. The policy is reviewed annually and incorporates liquidity metrics based on liquid assets, reliance on major funding counterparts, reliance on overnight deposits and off balance sheet funding cap. As of December 31, 2012 MBBNY composition of assets and liabilities is illustrated as below

The tables below present the 12 months average balances in 2012.

Applications of funds	Total currencies	Sources of Funds	Total currencies
	(USD\$ m)		(USD\$ m)
Loans and Advances	344.76	Interbank borrowings	680.63
Interbank/Interbranch Placements	313.48	Retail deposits	8.59
Securities	362.82	Capital funds	9.00
Other	17.81	Maybank Head Office / Branches	295.15
Total	1,038.87	Other liabilities	45.50
		Total	1,038.87

D. Description of Derivative and Hedging Activities

MBBNY enters into derivative activities to manage the interest rate exposure of the fixed rate investments and currency exposure. The derivative contracts used are Interest Rate Swaps (IRS), Overnight Index Swap (OIS) and Cross Currency Swaps.

Application of Hedge Accounting (HA) enables a better management of the P&L volatility as it recognizes the offsetting effects on profit and loss, as a result of the changes in fair value of the hedging instrument and hedged item.

A cash flow hedge is used to manage to interest rate exposure and variability of future cash flow of fixed rate investments versus floating rate funding.

E. Memberships in Material Payment, Clearing and Settlement Systems

To facilitate and support the financial transactions from the core business lines in the United States for customers, MBBNY has clearing arrangements with major US correspondent banks. Direct access is provided to their proprietary payment system platforms and/or through the Swift payment order platform. The payment platform that supports the core business lines and services are listed in the table below.

Payment Systems	Description of Services
Fedline Advantage	Funds transfer services
JP Morgan Access	US dollar trade settlements

F. Description of Foreign Operations

MBBNY has no foreign affiliates and/or any type of operations or services abroad.

G. Material Supervisory Authorities

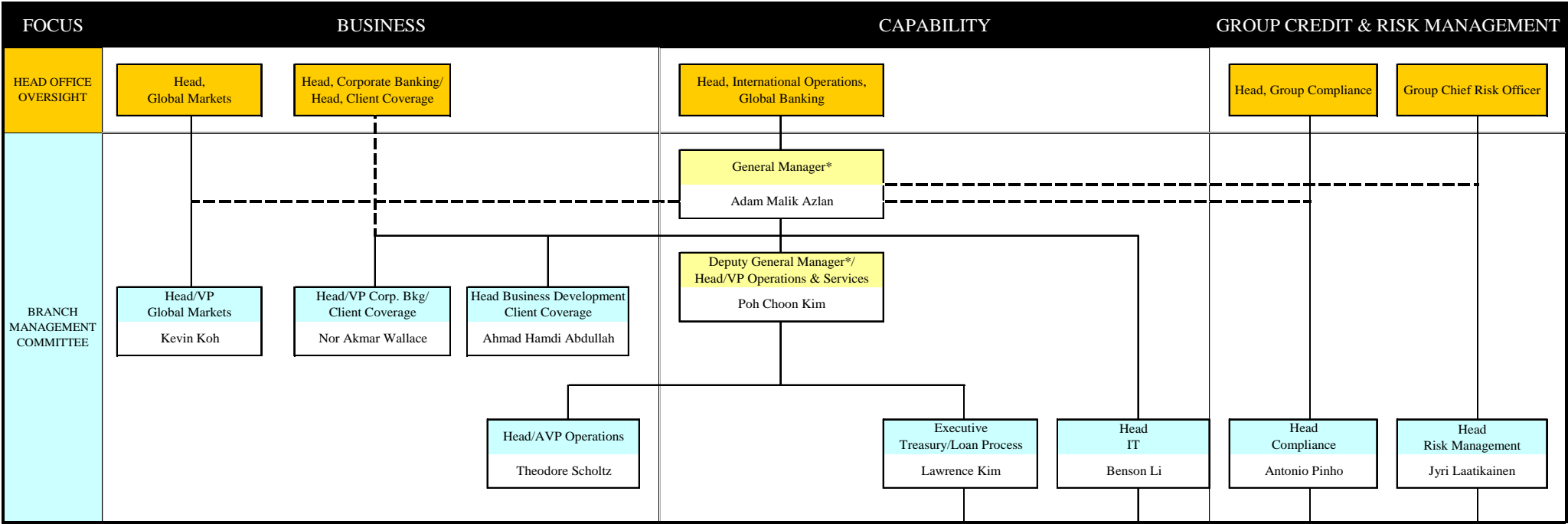
MBBNY is a wholesale branch and licensed by the New York State Department of Financial Services ("NYSDFS") and regulated by the Federal Reserve. The MBBNY deposits are not insured by the FDIC and engage primarily in traditional lending and wholesale deposit activities and trading activities dealing with derivatives primarily interest rate swaps.

H. Principal Officers

MBBNY is organized in three distinct areas subject to Head Office oversight. The business area comprises Global Markets, Client Coverage and Business Development. The capability area is headed by the General Manager (GM) and Deputy GM of MBBNY.

The Heads of the three areas form the Branch Management Committee whose primary responsibilities includes strategic management, resource allocation, financial accounting and reporting, risk management and corporate control. The Management Committee is supported by similar groups at Head Office. The chart below shows the organization structure and members of the Management Committee.

MAYBANK NEW YORK BRANCH - Organization Chart



I. Description of Corporate Governance Structure and Processes Related to Resolution Planning

1. Description of Policies, Procedures and Internal Controls Governing Preparation

Rapid and orderly execution of MBBNY's Living Will requires an integrated analysis of MBBNY debt composition, evaluation of asset quality, funding capabilities and execution of the bank services on continued basis. To deliver such execution, MBBNY opt for the formation of committees that will assess, develop and implement policies and procedures for ongoing review, revisions and maintenance of the Living Will plan. The committees are composed by members of the business area, capability, risk management and compliance. They will hold quarterly meetings to monitor activities of the MBBNY and identify new processes in the Living Will plan.

2. Oversight Responsibility: Identity and Position of Senior Management Officials Responsible for Resolution Plan Development, Maintenance, Implementation, Filing and Compliance

The responsibility for development, maintenance, implementation is incumbent to each committee .The Head, Compliance New York is responsible for the oversight, filing and compliance.

The names of the committee members are listed in the table below:

Committee	Members
Asset Recovery & Disposal Committee	<ul style="list-style-type: none">• Head of Global Markets, NY (Chairperson)• Head Corporate Banking/Client Coverage• Head, Business Development

Committee	Members
Liquidity and Funding Committee	<ul style="list-style-type: none">• Head of Financial Institutions (Chairperson)• Head of Global Markets, NY• Head of Risk

Committee	Members
Business Continuity Committee	<ul style="list-style-type: none">• Head of Risk (Chairperson)• Deputy General Manager• Head of IT• Head of Operations

Committee	Principal Functions
Finance Committee	<ul style="list-style-type: none"> • Deputy General Manager - Chairperson • Head of Risk • Head of Operations

J. Description of Material Management Information Systems

The MBBG Recovery Structure is a robust structure which can address disasters at the Group Level, as well as at sectors/units, regional office and centre level. During Code Amber and Code Red phases, the Maybank Business Continuity Management (BCM) recovery structure will be activated.

IT Information and IT systems are critical and important assets of MBBG because they enable the business groups to effectively manage information for the risk management, accounting, operations and regulatory reporting.

To provide access in a secured environment, users are guided by access policies and security requirements incorporated in the MBBNY IS Security Policy and Disaster Recovery Plan.

To provide continuity of operations and ensure business functions are timely executed in event of crisis, MBBNY developed the BCM which identify alternative sites, conducts multiple recovery exercises, staff training and provide guidelines for pandemic emergency and emergency response plans.

K. High-Level Description of Resolution Strategy Including Such Items as the Range of Potential Purchasers of the Company, Its Material Entities and Core Business Lines

The MBBNY's Living Will assumes that an unforeseeable single large adverse event occurs which may generate a wide spread panic in the US financial market. This adverse events impacting the said branch due to financial stress Head Office.

These two events can result in runoff of certain business lines and partial freeze in the funding lines. The scenarios may impact the sustainability of the operations and may reach a point whereby the resolution plan is triggered.

MBBNY will operate at minimum capacity and will commence liquidation of assets in line with the Living Will plan and subject to proceedings under the New York State Banking Law. MBBNY believes that all core business lines would be resolved in an orderly fashion with no systemic impact to the US financial markets.