



# Malayan Banking Berhad, New York Branch Resolution Plan

## Section 1: Public Section

December 2018

## 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 deposits placed in MBBNY are not insured by the Federal Deposit Insurance Corporation (“FDIC”) as it engages primarily in traditional lending and wholesale deposit activities and rates trading activities.

The asset size of MBBNY as of 30 September 2018 totaled \$2.387 billion which comprises mainly interbank placements, securities investments and loans, denominated in USD. It also engages in wholesale banking services such as corporate lending, bills of exchange discounting and corporate accounts, remittances and related trade finance activities which have no material impact to the financial stability and/or have any significant impact to its core business lines. MBBNY’s current staff strength as at 31 Oct 2018 is 26 and its principal office is located at 400 Park Avenue, 11<sup>th</sup> Floor, New York, N.Y. 10022.

### 2. Maybank Kim Eng Securities USA Inc.

Maybank Kim Eng Securities USA Inc. (“MKEUSA”) is a wholly owned subsidiary of Maybank IB Holdings Limited with its primary office in New York City and a representative in San Francisco. MKEUSA is a licensed U.S. Broker-Dealer serving institutional clients for purchases and sales in Asian, equities and fixed income securities on an agency basis based upon Section 15(a)-6 of the Securities Exchange Act of 1934, as amended.

MKEUSA is registered with the Securities Exchange Commission (“SEC”) and is regulated by the Financial Industry Regulatory Authority (“FINRA”), with total assets of \$2,136 million as of 30 September 2018 and with total staff of 12 in the 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 400 Park Avenue, 11<sup>th</sup> floor, New York, N.Y. 10022 since 30 April 2018.

The registered office of its San Francisco location is at 388 Market Street, Suite 1300, San Francisco, CA 94111.

Principal Officers	Role
Jean-Louis Lee	MKEUSA CEO Co-Regional Head of Institutional Sales, MKE
Jessica Kim	Chief Financial Officer, MKEUSA Head, Human Capital, MKEUSA
Joseph Borruso	MKEUSA, Chief Officer of Operations Regional Head of Middle Office / Client Operations, MKE Regional Head of Special Projects, MKE

Principal Officers	Role
Lawrence Walther	Chief Compliance Officer, MKEUSA

MBBNY and MKEUSA operate as separate autonomous entities.

## B. Description of Core Business Lines

MBBNY operates three core business lines; Global Markets (“GM”), Corporate Banking (“CB”), and Transaction Banking (“TB”).

### GM

Core business lines include:

1. Wholesale deposits/placements  
Provides primary sources of funds for corporate lending activities and investment portfolio and conducts Money Market lending activities. These treasury related activities are identified as core business lines and closely interdependent.
2. Repurchase/reverse repurchase agreements  
The “Repo” activities are collateralized borrowing from financial institutions which is an active and significant source of funding for the wholesale banking investments.
3. Investment Portfolio  
Investments are mainly classified as securities available for sale, and consist of bonds and notes issued by US Treasury, agencies and corporate bonds.
4. Derivatives  
Derivative contracts with counterparts are arranged to hedge interest rate risks such as interest rate swaps, and interest rate futures contracts.
5. Commercial Paper  
MBBNY has an existing Commercial Paper (“CP”) program of USD500million. CP issuance is made through an appointed Issuing and Paying Agent (“IPA”), and the proceeds are used to fund MBBNY assets and lending to Malayan Banking Berhad (“Head Office”) and its related branches.

### CB

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 Head Office relationship borrowers.

**TB**

Core business lines include:

1. Wholesale purchase of trade finance loans and unfunded risk participations on trade finance related transactions.
2. Corporate accounts, trade finance activities such as letter of credit issuance, advising, negotiation, reimbursements, funds transfer and remittance business to support Head Office, branches and subsidiaries of MBBG.

**C. Summary Financial Information**

1. **Balance Sheet Information of MBBNY as per the Call Report as at 30 September, 2018**

Assets	Amount (USD\$ m)
Cash and balances due from depository institutions	1,361,146
U.S. Government Securities	124,035
Other Bonds, notes, debentures & corporate stock	36,378
Federal Funds Sold	0
Loans and Leases, net of unearned income	262,815
Trading Securities	0
Other Assets	7,890
Net due from related institutions	0
<b>Total</b>	<b>1,792,264</b>
Liabilities	Amount (USD\$ m)
Total deposits and Credit Balances	607,962
Federal Funds Purchased	0.00
Securities sold under agreements to repurchase	0.00
Other Borrowed Money	634,044
Other liabilities	6,642
Net due to related institutions	543,616
<b>Total</b>	<b>1,792,264</b>

## 2. Major Funding Sources

### Funding Operations

MBBNY funds its assets primarily with a mix of wholesale corporate deposits, money market borrowing, Repos, CP and through the “medium term funding” facility from Head Office. MBBNY funds short term gaps via wholesale corporate deposits, money market borrowing and CP, while 1 to 3 years gap are funded through “medium term funding” from Head Office.

### Liquidity Policy

In addition to the MBBNY funding operations, MBB has established a Liquidity Policy Statement (“LPS”) for MBBNY. This 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 caps. As of September 30, 2018, MBBNY’s composition of assets and liabilities daily average balances for the nine months is illustrated below.

Applications of funds	Total currencies	Sources of Funds	Total currencies
	(USD\$ m)		(USD\$ m)
Cash & Nostro balances	529,199.90	Interbank borrowings	348,638.83
Loans and Advances	206,093.83	Fed Funds Purchased & Repo	118,146.16
Interbank/Interbranch Placements	170,091.58	Deposits	202,449.29
Maybank Head Office/Branches	529,834.06	Capital funds	9,000.0
Securities	200,814.74	Maybank Head Office/Branches	429,483.14
Other	10,597.05	CP Issued	441,166.17
		Other liabilities	97,747.57
<b>Total</b>	<b>1,646,631.16</b>	<b>Total</b>	<b>1,646,631.16</b>

### D. Description of Derivative and Hedging Activities

MBBNY enters into derivative activities to manage the interest rate exposures of 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 better management of the P&L volatility as it recognizes the offsetting effects on the 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 the 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.

<b>Payment Systems</b>	<b>Description of Services</b>
Fedline Advantage	Funds transfer services
JP Morgan Access	US dollar money market and trade settlements

**F. Description of Foreign Operations**

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

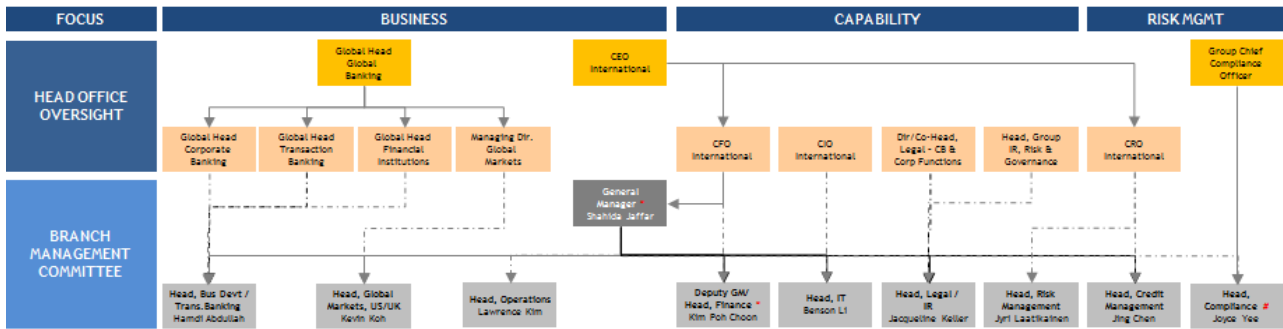
**G. Material Supervisory Authorities**

MBBNY is a wholesale branch and licensed by the New York State Department of Financial Services and regulated by the Federal Reserve Bank of New York. MBBNY reports to Head Office and is also governed by the Central Bank of Malaysia, Bank Negara Malaysia.

**H. Principal Officers**

MBBNY is organized in three distinct areas subject to Head Office oversight. The business areas are comprised of GM, CB and TB. The areas that support the frontline business areas are headed by the Deputy General Manager / Head of Finance and Head of Operations whom report to the General Manager of MBBNY. The General Manager in turn reports to the CFO International.

The Heads of the three business areas, together with the General Manager, Deputy General Manager / Head of Finance, Head of Operations, Head of Legal/IR, Head of Risk Management, Head, Credit Management, Head of Compliance, and Head of IT form MBBNY's Management Committee whose primary responsibilities includes strategic management, business generation, resource allocation, critical operations, financial accounting and reporting, risk management, compliance and systems controls. The Management Committee is supported by similar groups at Head Office. The chart below shows the organization structure and members of the Management Committee as at 31 Oct 2018.

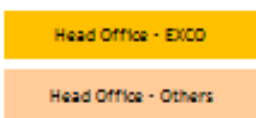


Notes:

- \* Security Administrators.
- # Dually employed with Maybank Kim Eng New York.

Legend:

Head Office



Branch



**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 a continued basis. To deliver such execution, MBBNY opted for the formation of committee that will assess, develop and implement policies and procedures for ongoing review, revisions and maintenance of the "Living Will" plan. The committee members are composed 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 and implementation of the Resolution Plan is incumbent to the Management Committee, with concurrence from Head Office.

MBBNY's Head of Compliance is responsible for the oversight, filing and compliance of the Resolution Plan.

**J. Description of Material Management Information Systems**

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

IT Information and IT systems are critical and important assets of MBB given that the systems 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 the event of a crisis, MBBNY developed the BCM, which identifies 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**

MBBNY's "Living Will" assumes that an unforeseeable single large adverse event occurs which may generate a wide spread systemic panic in the U.S. financial market. Another adverse event impacting the Branch is due to financial stress at Head Office.

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

If such an event is triggered, MBBNY will operate at minimum capacity and will commence liquidation of its 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 significant systemic impact to the US financial markets.