

PRICING SUPPLEMENT



HONG LEONG FINANCIAL GROUP BERHAD

(Company No. 8024-W)

**BASEL III-COMPLIANT TIER 2 SUBORDINATED NOTES (“SUB-NOTES”)
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 RM500,000,000.00
Nominal Amount of Sub-Notes

Principal Adviser, Lead Arranger and Lead Manager



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

The date of this Pricing Supplement is 8 June 2018

This document (the “**Pricing Supplement**”) is issued to give details of Tranche No. 1 of Basel III-compliant Tier 2 subordinated notes (“**Sub-Notes**”) 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, Basel III-compliant Additional Tier 1 capital securities and the Sub-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 Sub-Notes (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 Sub-Notes 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 Sub-Notes 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 Sub-Notes 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 Sub-Notes described herein pursuant to the Notes Programme and that no further evidence of authorisation is required.

The Sub-Notes are tradable and transferable subject to the following Selling Restrictions:

Selling Restrictions at issuance

The Sub-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 Sub-Notes and to whom the Sub-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 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 Sub-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 Sub-Notes and to whom the Sub-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, and such other selling restrictions as may be applicable outside Malaysia.

In addition to the above, the Sub-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).

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 Sub-Notes or the distribution of this Sub-Notes 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 SUB-NOTES 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 Sub-Notes 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:	RM 500,000,000.00.
4. Issue Price:	RM 500,000,000.00.
5. Issue Date:	25 June 2018.
6. Tenure of the Sub-Notes to be issued:	Ten (10) years.
7. Maturity Date	23 June 2028.
8. Yield to maturity:	4.93% per annum.
9. First Optional Redemption Date:	26 June 2023.
10. Periodic Coupon Rate:	Fixed rate: 4.93% per annum

11. Periodic Coupon Payment Period:	6 months.
12. Periodic Coupon 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 Tier 2 subordinated notes to be issued by the Issuer's subsidiary, Hong Leong Bank Berhad (Company No. 97141-X), pursuant to its multi-currency subordinated notes programme of up to RM10.0 billion (or its equivalent in other currencies) in nominal value.
14. Rating:	The Sub-Notes have been rated AA2 by RAM Rating Services Berhad.
15. Other conditions:	Please refer to the Conditions for the other terms and conditions applicable to the Sub-Notes.

CONFLICT-OF-INTEREST SITUATIONS AND APPROPRIATE MITIGATING MEASURES

There may be a potential conflict-of-interest situation arising from the appointment of Hong Leong Investment Bank Berhad ("**HLIB**") as the Principal Adviser, Lead Arranger and Lead Manager as well as the Facility Agent for the Notes Programme in view that both HLIB and the Issuer are part of the Hong Leong financial group.

Notwithstanding the above, HLIB as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent of the Notes Programme has considered the factors involved and believes the objectivity and independence in carrying out its role has been and/or will be maintained at all times for the following reasons:

- the conduct of HLIB is regulated by the Financial Services Act 2013, the CMSA and HLIB has in place its own internal controls and checks with regards to transactions involving its related corporations;
- HLIB is a licensed investment bank and its appointment as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent is in the ordinary course of its business. The appointments are governed by various mandate letters, agreements and/or documents which set out the rights, duties and obligations of HLIB acting in such capacities; and
- a due diligence review pursuant to the Notes Programme has been undertaken by professional and independent advisers,

and in order to further mitigate or address any such potential conflict of interest, the following measures have been taken:

- the potential conflict of interest situation has been brought to the attention of the Board of Directors of the Issuer and hence the Board of Directors of the Issuer is fully aware of the same. The Board of Directors has acknowledged and confirmed that having considered the above situation, the Board of Directors of the Issuer is agreeable to proceed with the implementation of the Notes Programme and the issuance of this tranche of Sub-Notes based on the present arrangement and terms;
- the potential conflict of interest situation has been disclosed by the Issuer to prospective subscribers; and
- the appointment of Adnan Sundra & Low as an external independent solicitor to conduct a legal due diligence inquiry on the Issuer for the issuance of this tranche of Sub-Notes.

To the best of the Issuer's knowledge, the Issuer is not aware of any circumstances that would give rise to a conflict-of-interest situation or a potential conflict-of-interest situation arising from the appointment of (i) Adnan Sundra & Low in its capacity as the solicitors acting for the Principal Adviser and Lead Arranger; (ii) Malaysian Trustees Berhad in its capacity as the trustee; and (iii) PricewaterhouseCoopers in its capacity as the accounting adviser, in relation to the Notes Programme.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprise the final terms required for the issue of the tranche of Sub-Notes 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)