

Malayan Banking Berhad (“Maybank”)

- Proposed transfer by Maybank of 165,321,478 ordinary shares of RM1.00 each in Mayban Fortis Holdings Berhad (“Mayban Fortis Shares”) representing its direct equity interest of 69.05% in Mayban Fortis Holdings Berhad (“Mayban Fortis”) to Etiqa International Holdings Sdn Bhd (*formerly known as Pelangi Amanmaz Sdn Bhd*) (“Etiqa International”) for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank (“Proposed Transfer”)

1. INTRODUCTION

On behalf of the Board of Directors (“Board”) of Maybank, Maybank Investment Bank Berhad (“Maybank IB”) is pleased to announce that Maybank has on even date entered into a sale and purchase agreement to transfer 165,321,478 Mayban Fortis Shares representing its direct equity interest of 69.05% in Mayban Fortis to Etiqa International for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank (“SPA”). After the completion of the Proposed Transfer, Etiqa International will serve as the investment holding company for Maybank’s insurance, takaful and asset management businesses.

Details of the Proposed Transfer are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED TRANSFER

2.1 Salient terms of the SPA

The Proposed Transfer shall be conditional upon the following conditions being satisfied:

- (i) Maybank, Etiqa International and Fortis Insurance International N.V (“Fortis International”) having executed the deed of adherence whereby Etiqa International agrees to be bound by the shareholders’ agreement dated 8 February 2001 between Maybank and Fortis International;
- (ii) Etiqa International obtaining the approval of its shareholder, Maybank, for the purchase of 165,321,478 Mayban Fortis Shares;
- (iii) Etiqa International obtaining the stamp duty exemption pursuant to Section 15A of the Stamp Act, 1949; and
- (iv) the passing of resolutions of the Board of Mayban Fortis approving the transfer of the Mayban Fortis Shares to Etiqa International and the issuance of new share certificate(s) in respect of the Mayban Fortis Shares in the name of Etiqa International and the entry of the name of Etiqa International into the register of members of Mayban Fortis.

2.2 Purchase consideration

The purchase consideration for the Proposed Transfer shall be the audited cost of investment of Maybank in Mayban Fortis as at 30 June 2009. As such, the Proposed Transfer will not give rise to any gain or loss to the Maybank’s group of companies (“Maybank Group”).

The purchase consideration shall be satisfied by an amount owing by Etiqa International to Maybank.

2.3 Cost of investment

As at 30 June 2009, the audited cost of investment of Maybank in Mayban Fortis was RM359,340,912.

Maybank first invested in Mayban Fortis on 15 June 1977. The most recent acquisition of the Mayban Fortis Shares was pursuant to a subscription by Maybank of the rights issue exercise undertaken by Mayban Fortis on 8 December 2005.

2.4 Liabilities to be assumed by Etiqa International

Etiqa International will not assume any other liabilities arising, including contingent liabilities and guarantees as a result of the Proposed Transfer.

3. RATIONALE OF THE PROPOSED TRANSFER

The Proposed Transfer would assist Maybank to realign its insurance and takaful business and provide itself flexibility for any potential business expansion. Meanwhile, the Proposed Transfer would also allow Maybank to build on its existing platform internationally, hence raising the insurance and takaful business profile. This would in turn strengthen its current position as one of the largest and leading takaful companies in the world. This is also in line with the Government's initiative to promote Malaysia as a major hub for international Islamic finance which also includes takaful business.

4. BACKGROUND INFORMATION ON MAYBAN FORTIS

Mayban Fortis was incorporated in Malaysia under the Companies Act, 1965 on 8 June 1977 under the name of Mayban Phoenix – Assurance Berhad. Subsequently, it changed its name to Mayban Assurance Berhad on 10 October 1986 and assumed its present name on 3 July 2001.

The principal activities of Mayban Fortis are investment holding and the provision of shared services to the Mayban Fortis' group of companies ("**Mayban Fortis Group**") on a reimbursable basis whilst the principal activities of its subsidiaries include general and life insurance business, general and family takaful business, investment-linked business, offshore investment-linked life insurance business, fund management and investment holding,

Based on the audited consolidated financial statements of the Mayban Fortis Group for the financial year ended 30 June 2009, the net profit and the net assets of the Mayban Fortis Group attributable to its equity holders were approximately RM268.326 million and RM2,281.826 million respectively.

5. APPROVALS REQUIRED/ OBTAINED FROM THE RELEVANT AUTHORITIES

The Proposed Transfer is subject to the following:-

- (i) approval of the Economic Compliance Unit of the Securities Commission ("**SC**") under the Bumiputera Equity Interest Requirements for Public Listed Company. The SC had vide its letter dated 18 March 2010 approved the Proposed Transfer; and
- (ii) approval of Bank Negara Malaysia ("**BNM**"). BNM had vide its letter dated 4 December 2009 approved the Proposed Transfer.

For information purpose only, the SC had vide its letter dated 18 March 2010 granted Etiqa International the following:

- (i) an exemption from undertaking a mandatory offer (“MO”) to acquire the remaining Mayban Fortis Shares not held by Etiqa International pursuant to Practice Note 2.9.7 of the Malaysian Code on Take-Overs and Mergers, 1998 upon the completion of the Proposed Transfer; and
- (ii) a ruling that Etiqa International will not be required to make a MO to acquire the remaining ordinary shares of RM1.00 each in Mayban Life Assurance Bhd not held by Etiqa International via Mayban Fortis upon the completion of the Proposed Transfer.

6. EFFECTS OF THE PROPOSED TRANSFER

6.1 Share capital and substantial shareholders’ shareholding

The Proposed Transfer will not have any effect on the share capital and the shareholding of the substantial shareholders of Maybank.

6.2 Net assets per ordinary share of RM1.00 each in Maybank (“Maybank Share”) and gearing

Given that Etiqa International is a wholly-owned subsidiary of Maybank, the Proposed Transfer is not expected to have any material impact on the net assets per Maybank Share and gearing position of Maybank.

6.3 Earnings per Maybank Share (“EPS”)

As Etiqa International is a wholly-owned subsidiary of Maybank, the Proposed Transfer is not expected to have any material impact on the EPS of Maybank.

7. HIGHEST PERCENTAGE RATIO PURSUANT TO PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”)

The percentage ratio pursuant to Paragraph 10.02(g) of the Listing Requirements is not applicable as the Proposed Transfer is a transaction between Maybank and its wholly-owned subsidiary, Etiqa International.

8. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST

None of the Directors or substantial shareholders of Maybank or persons connected to them have any interest, direct or indirect, in the Proposed Transfer.

9. STATEMENT BY THE BOARD OF DIRECTORS

After taking into consideration of Maybank’s objective to develop its presence in the insurance and takaful sector in some identified growth market outside Malaysia as well as to re-align the corporate structure of Maybank’s various main business sectors within the Maybank Group, the Board of Directors of Maybank is of the opinion that the Proposed Transfer is in the best interest of Maybank and its subsidiaries and its shareholders.

10. ADVISERS

Maybank IB has been appointed as the adviser to Maybank for the implementation of the Proposed Transfer based on the terms and conditions set by Maybank.

11. ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED TRANSFER

Barring any unforeseen circumstances, the Proposed Transfer is expected to be completed by the second quarter of 2010.

12. DOCUMENT AVAILABLE FOR INSPECTION

The SPA will be available for inspection at the registered office of Maybank at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur during normal business hours within two (2) weeks from the date of this Announcement.

This announcement is dated 5 April 2010.