

Maybank enters into agreement to sell its PNG subsidiaries

Maybank today announced that it has entered into a share sale agreement (SSA) with Kina Ventures Ltd and Kina Securities Ltd of Papua New Guinea, for the proposed disposal of Maybank's entire equity interest in Maybank (PNG) Limited (MPNG) and Mayban Property (PNG) Limited (MPPNG) to Kina Ventures.

The agreement was signed following approval from the Central Bank of Papua New Guinea which was obtained on 12 May 2015. The disposal involves the sale of the entire equity interest in MPNG and MPPNG respectively for a total cash consideration of approximately Kina 319 million (equivalent to approximately RM418 million based on the exchange rate of Kina 1 = RM1.31 as at 18 May 2015), plus the difference in the value of the net assets of MPNG as at the completion of the Proposed Disposal compared to 31 December 2014. The completion of the Proposed Disposal is expected to occur in the second half of 2015 upon achieving IT and operational readiness as prescribed in the SSA.

MPNG and MPPNG were incorporated in Papua New Guinea and have been involved in commercial banking activities and property investment respectively. MPNG was established in 1994 and has been serving the local Papua New Guinea community and cross-border clients for the past 20 years.

Maybank Group President & CEO, Datuk Abdul Farid Alias, said the sale was part of Maybank's continuous effort to evaluate its international operations with a specific focus on maximising capital use as well as optimising resources in the most efficient manner.

"This decision to dispose of our operations in PNG is a result of strategic reviews carried out regularly at the Group to reprioritise our capital and resources with the intention of focusing our growth agenda in target regions where we can achieve the best returns from our investments," he said.

"While we have been operating profitably and successfully in Papua New Guinea over the years, we have had to evaluate how best we can use our capital going forward, especially in light of new and more stringent requirements under the Basel III regime," he explained. "Ultimately, we believe that we can achieve greater value creation for all our stakeholders by re-focusing our resources in the ASEAN and Greater China region where we can realise greater synergies and achieve better returns on capital investment."

Datuk Farid nonetheless said that despite the share sale agreement, Maybank would still be committed to serving customers in Papua New Guinea who have cross border requirements.

"Given our vast network in the region and in key international financial centres, Maybank will still be able to provide PNG customers with access to markets and financial services around the world," he added.

Datuk Farid also said that the bank would ensure a smooth transition to the new shareholders so that customers could enjoy uninterrupted services.

"We will work with Kina Ventures Ltd to ensure that the interest of customers and employees are taken care of throughout the transition period," he explained. "Maybank has developed a detailed transition plan together with Kina Ventures Ltd and the PNG Central Bank to ensure smooth handover of operations and business continuity post completion of the transaction."

The disposal will not have any effect on the issued and paid-up share capital as well as shareholdings of the substantial shareholders of Maybank. It is also not expected to have any material effect on the earnings per share, net assets per share and gearing of the Maybank Group for the financial year ending 31 December 2015.

Maybank - Humanising Financial Services

Maybank is among Asia's leading banking groups and South East Asia's fourth largest bank by assets. It has been ranked among the World's Top 20 Strongest Banks by Bloomberg Markets for two consecutive years - 2013 and 2014. The Maybank Group has an international network of 2,400 offices in 20 countries namely Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, Papua New Guinea, Hong Kong SAR & People's Republic of China, Bahrain, Uzbekistan, Myanmar, Laos, Pakistan, India, Saudi Arabia, Great Britain and the United States of America. The Group offers an extensive range of products and services, which includes consumer and corporate banking, investment banking, Islamic banking, stock broking, insurance and takaful and asset management. It has over 47,000 employees serving more than 22 million customers worldwide. (www.maybank.com)