

## MALAYAN BANKING BERHAD (3813-K)

Abridged Minutes of the Extraordinary General Meeting (“EGM”) of MALAYAN BANKING BERHAD (3813-K) (“Maybank” or “Bank” or “Company”) held at MySpace2@Ballroom, Level 3, The Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur on Thursday, 12 April 2018 at 10.00 a.m.

### PRESENT

#### **Board of Directors:**

Datuk Mohaiyani Shamsudin	(Chairman)
Datuk Abdul Farid Alias	(Group President & CEO/Shareholder)
Datuk R. Karunakaran	(Director)
Mr Cheng Kee Check	(Director)
Mr Edwin Gerungan	(Director)
Encik Nor Hizam Hashim	(Director)
Dr Hasnita Dato' Hashim	(Director)
Mr Anthony Brent Elam	(Director)
Datin Paduka Jamiah Abdul Hamid	(Director)
Ms Che Zakiah Che Din	(Director)

#### **Company Secretary:**

Encik Wan Marzimin Wan Muhammad (Group General Counsel & Company Secretary)

#### **External Auditors:**

Messrs. Ernst & Young (Dato' Megat Iskandar Shah bin Mohamad Nor, Partner)

### **PRELIMINARY**

The Chairman welcomed the shareholders and introduced to the shareholders, the Board Members and the Group General Counsel & Company Secretary present at the Meeting. The Group General Counsel & Company Secretary then confirmed the presence of a requisite quorum pursuant to Article 58 of the Company's Articles of Association; and further informed that a total of 3,521 shareholders (including proxies) representing a total of 8,684,292,114 shares equivalent to 79.60% of the total issued share capital, had registered for this Meeting. The Notice of the Meeting dated 28 March 2018 was then taken as read as proposed by the Chairman and duly seconded by a shareholder.

The Chairman informed the shareholders that the voting on all resolutions for this Meeting would be conducted by electronic voting (“e-voting”) which would be administered by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”), the registrar appointed for this Meeting.

#### **1.0 PROPOSED SUBSCRIPTION BY PERMODALAN NASIONAL BERHAD (“PNB”) OF 8,336,404 NEW ORDINARY SHARES IN MAYBANK ASSET MANAGEMENT GROUP BERHAD (“MAMG”) (“MAMG SHARES”), A WHOLLY-OWNED SUBSIDIARY OF MALAYAN BANKING BERHAD (“COMPANY”), REPRESENTING 20% OF THE ENLARGED NUMBER OF MAMG SHARES IN ISSUE, FOR A CASH CONSIDERATION OF RM50,000,000 (“PROPOSED SUBSCRIPTION”) (ORDINARY RESOLUTION)**

Before the Chairman proceeded with the meeting, she informed that both the Chairman and Mr Cheng Kee Check were nominees of PNB, and therefore, they both abstained from deliberations on the Ordinary Resolution. She then, handed over the Chair to Datuk R. Karunakaran, the Senior Independent Non-Executive Director of Maybank to conduct this meeting.

*(Both Datuk Mohaiyani Shamsudin and Mr Cheng Kee Check, being nominees of PNB had abstained and left the meeting).*

Datuk R. Karunakaran thanked the Chairman and advised the shareholders to refer to the Circular to Shareholders dated 28 March 2018 for details of the Proposed Subscription. The full text of the Ordinary Resolution was set out in the Notice of EGM dated 28 March 2018. He then requested a proposer and seconder to propose and second the Ordinary Resolution.

Mr. Mootha Kumaran Bass, a shareholder proposed Ordinary Resolution and Mr. Soo Thien Mui, also a shareholder seconded the resolution.

Datuk R. Karunakaran then invited Encik Shukran Nasri Mohd Nazir @ Nasir, Director, Mergers and Acquisitions, Maybank Investment Bank Berhad, the Principal Adviser for the Proposed Subscription, to brief the shareholders on the salient details of the Proposed Subscription which covered, among others, the following:-

- 1.1 The Proposed Subscription was in relation to a Subscription Agreement entered into between MAMG and PNB on 13 December 2017.
- 1.2 The Proposed Subscription would entail the subscription of 8,336,404 new MAMG Shares or 20% of the enlarged number of MAMG Shares in issue by PNB with a subscription consideration of RM50 million to be satisfied in cash or approximately RM5.998 per MAMG Share.
- 1.3 Proceeds from the Proposed Subscription would be used to part settle the financing facility to be extended by the Maybank Group to MAMG for the Proposed Acquisitions. Maybank, MAMG and PNB would enter into the Shareholders' Agreement upon completion of the Proposed Subscription. Under the Shareholders' Agreement, PNB will be granted a put option for all of the MAMG Shares to be held by PNB at the exercise price equivalent to the fair market value of the MAMG Shares.
- 1.4 MAMG had also entered into several agreements for the Proposed Acquisitions on 13 December 2017 which encompassed the following:-
  - 1.4.1 AMB SPA for the proposed acquisition of 100% equity interest in AMB, a wholly-owned subsidiary of PNB, for a cash consideration of RM16.12 million; and
  - 1.4.2 SUTL SPA for the proposed acquisition of 100% equity interest in SUTL, a wholly-owned subsidiary of PNB, for a cash consideration of RM34.88 million.
- 1.5 The Proposed Acquisitions do not require shareholders' approval.
- 1.6 The issue price per Subscription Share of approximately RM5.998 was arrived at after taking into consideration the following:-
  - 1.6.1 The number of new MAMG Shares to be issued for PNB to hold 20% of the equity interest in MAMG after the Proposed Subscription; and
  - 1.6.2 The Subscription Consideration which was arrived at on a willing-buyer willing-seller basis after taking into consideration, among others, the following:-
    - (i) MAMG Adjusted NTA to be recorded in the MAMG Management Accounts for no less than RM 140,850,000;
    - (ii) The range of implied PB multiples of the Precedent Transactions would be between 0.5 times to 4.4 times; and
    - (iii) Price to AMB Adjusted NTA would be a multiple of 2.0 times and price to SUTL Adjusted NTA would be a multiple of 1.0 time.

- 1.7 The rationale for the Proposed Subscription was as follows:-
- 1.7.1 Tap on the expertise and leverage on experience of PNB in retail funds for the enlarged MAMG Group in terms of management, investment allocation, strategy and product development;
  - 1.7.2 The proceeds from the Subscription Consideration would minimise the net cash out flow of MAMG for repayment of the financing facility to fund the purchase consideration for the Proposed Acquisitions; and
  - 1.7.3 Strengthen capital base and improve gearing of MAMG through the issuance of new MAMG Shares.
- 1.8 The Proposed Subscription would not have any effect on the share capital of Maybank as the Proposed Subscription does not involve any issuance of new Maybank Shares. Likewise, the Proposed Subscription would not have any material effect on Net Assets per Maybank Share and gearing of the Group.
- 1.9 The Proposed Subscription would not have any material net effect to earnings and EPS of the Maybank Group and was expected to give rise to a after-tax gain arising from dilution of interest in the MAMG Group of RM5.7 million.
- 1.10 ASB, PNB and the Nominee Directors of PNB had undertaken to ensure that persons connected with them would abstain from voting on the resolution pertaining to the Proposed Subscription in respect of their direct and/or indirect shareholdings, if any, in Maybank at this meeting.
- 1.11 The Proposed Subscription would be subject to the following approvals being obtained from:-
- (i) Monetary Authority of Singapore – Conditional approval obtained on 7 March 2018;
  - (ii) Securities Commission of Malaysia - Conditional approval obtained on 22 March 2018; and
  - (iii) Shareholder of Maybank – At this meeting.
- 1.12 The fulfilment of all conditions precedent of the Subscription Agreement and completion of the Proposed Subscription would be expected to take place by the end of April 2018.

Subsequently, Datuk R. Karunakaran informed the Meeting that the Bank had also received some questions from the Minority Shareholder Watchdog Group (“MSWG”) regarding this transaction. He then invited the President to present the following questions (“Q”) (by MSWG) and responses (“A”) from the Bank:-

- Q(i) The PE ratio for the subscription consideration is much lower than the PE ratio of the acquisition of AMB and SUTL. Please explain.
- (A) The valuation methodology agreed by the parties and used for the valuation assessment of the entities involved in the transaction, was the Price-to-Net Tangible Assets multiple. As such, multiples derived from other valuation metrics, such as the Price to Earnings ratio would be implied multiples, and do not form part of the valuation assessment and consideration determination.

The Subscription Consideration was arrived on a willing-buyer willing-seller basis after taking into consideration, among others, the following:-

- (a) The MAMG Adjusted NTA to be recorded in the MAMG Management Accounts of no less than RM140,850,000;
- (b) The range of implied price-to-book (PB) multiples of the Precedent Transactions of between 0.5 times to 4.4 times; and
- (c) The price to AMB Adjusted NTA multiple of 2.0 times and the price to SUTL Adjusted NTA multiple of 1.0 time based on the purchase consideration for the Proposed AMB Acquisition and the Proposed SUTL Acquisition respectively.

The respective price to adjusted NTA of MAMG, AMB and SUTL fell within the range of the implied PB multiples of the Precedent Transactions of between 0.5 times to 4.4 times

Q(ii) What would be the effect if the subscription agreement did not materialise? Would the Group proceed with the above acquisitions?

A: If the Proposed Subscription does not materialise, MAMG Group would forego the expected benefits from PNB's participation, which would include its expertise in the areas of investment allocation strategy, product development experience and guidance through MAMG board representation for MAMG's overall business development plan and investment strategies. As a result, the Bank would have to evaluate other feasible options to tap on PNB's expertise and experience.

The Proposed Acquisitions would not be conditional upon the Proposed Subscription, and the Bank therefore would proceed with the Proposed Acquisitions notwithstanding the EGM outcome. MAMG intended to proceed with the acquisitions as it would create a larger entity with deeper investment expertise, enhancing the product and market development strategies.

Q(iii) We noted PNB has a put option. How would this put option benefit MAMG and the Group?

A: PNB requested an exit mechanism as a condition of its entry. It was a request which management was amenable to, having weighed the rationale of the Proposed Subscription as set out in the Circular.

In evaluating PNB's request, management had taken cognisance of the terms of the Put Option whereby it would only be exercisable on the 5th anniversary of the Effective Date, thus allowing MAMG to tap the expertise of PNB for a minimum period of 5 years. Additionally, the exercise price of the put option would be the fair market value of the MAMG shares at the time, and would be determined by an independent expert to be jointly appointed by Maybank and PNB.

Datuk R. Karunakaran thanked the President for sharing the questions and responses to MSWG. He proceeded to invite questions from the floor in relation to the Ordinary Resolution. Since there was no further question raised, Datuk R. Karunakaran proceeded with voting for the Ordinary Resolution.

## 2.0 POLL VOTING

Datuk R. Karunakaran informed that Messrs Deloitte Enterprise Risk Services Sdn Bhd ("Deloitte") had been appointed as the scrutineers for the e-voting process and that the share registrar appointed for this Meeting, Tricor would handle the e-voting process. He then invited a representative of Tricor to brief the floor on the e-voting procedures before the shareholders proceed to cast their votes.

The Meeting adjourned at 2.30 p.m. for the shareholders and proxies to cast their votes.

### 3.0 POLL RESULTS

Datuk R. Karunakaran called the Meeting to order at 2.45 p.m. for the announcement of the poll results.

He informed that the poll results had been verified by the scrutineers, Deloitte and then invited a representative from Deloitte to read out the poll results.

- 3.1 Proposed Subscription by Permodalan Nasional Berhad (“PNB”) of 8,336,404 New Ordinary Shares in Maybank Asset Management Group Berhad (“MAMG”) (“MAMG Shares”), a Wholly-Owned Subsidiary of Malayan Banking Berhad (“Company”), Representing 20% of the Enlarged Number of MAMG Shares in Issue, for a Cash Consideration of RM50,000,000 (“Proposed Subscription”) (Ordinary Resolution)

The poll result in respect of the Ordinary Resolution was carried as follows:-

Resolution	For		Against	
	No of Units	%	No of Units	%
Ordinary Resolution	3,515,522,251	99.882	4,145,493	0.118

He declared that the Ordinary Resolution was duly passed as follows:-

*“THAT subject to and conditional upon the relevant approvals of all relevant authorities being obtained, the Proposed Subscription, based on the terms of the conditional share subscription agreement dated 13 December 2017 between MAMG and PNB (a person connected to Amanah Saham Bumiputera, who is in turn a major shareholder of the Company, as well as to the following directors whom are nominated by PNB to the Board of Directors of the Company: (i) Datuk Mohaiyani binti Shamsudin, a Non-Independent Non-Executive Director and Chairman of the Company; and (ii) Cheng Kee Check, a Non-Independent Non-Executive Director of the Company (“Interested Directors”), be and is hereby approved;*

*THAT the Board of Directors of the Company (with the exception of the Interested Directors) be and is hereby empowered and authorised:*

- (a) to do all acts, deeds, and such things, to take all necessary steps, and to execute, enter into, sign and deliver on behalf of the Company all such documents, as it may deem necessary, expedient and/or appropriate, to implement, give full effect to and complete the Proposed Subscription; and*
- (b) to empower and authorise MAMG to allot and issue 8,336,404 new MAMG Shares (“Subscription Shares”) to PNB and to do all acts, deeds, and such things, to take all necessary steps, and to execute, enter into, sign and deliver all such documents, as it may deem necessary, expedient and/or appropriate, to implement, give full effect to and complete the Proposed Subscription,*

*with full powers to adopt, assent to and/or accept any conditions, modifications, variations, arrangements and/or amendments in any manner as may be required or imposed by any relevant authorities and/or parties in connection with the Proposed Subscription or as the Board of Directors of the Company (with the exception of the Interested Directors) may in its absolute discretion deem necessary, expedient and/or appropriate in the best interest of the Company;*

*THAT the use of proceeds to be derived from the Proposed Subscription in the manner set out in Section 2.9 of the circular to the shareholders of the Company dated 28 March 2018, be and is hereby approved, and the Board of Directors of the Company (with the exception of the Interested Directors) be and is hereby empowered and authorised with full powers to vary the manner and/or purpose of use of the proceeds in such manner as it shall in its absolute discretion deem necessary, expedient and/or appropriate in the best interest of the Company, subject to the approval of the relevant authorities, where required;*

*THAT the Subscription Shares shall, upon allotment and issuance, rank equally with the existing MAMG Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the Subscription Shares;*

*AND THAT all previous acts made and/or done by the Board of Directors (with the exception of the Interested Directors) of the Company in connection with the Proposed Subscription be and are hereby confirmed and ratified.”*

#### **4.0 CLOSURE OF MEETING**

The Meeting ended at 2.50 p.m. with a note of thanks to the Chairman.

*Note: The full Minutes of the Extraordinary General Meeting of Malayan Banking Berhad is available for Members' inspection without charge at the Company's registered office pursuant to Section 342(3) of the Companies Act, 2016.*