

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Shareholders of **Malayan Banking Berhad (3813-K)** ("**Maybank**" or "**the Company**"), should rely on their own evaluation to assess the merits and demerits of the proposal contained in this Circular.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Circular prior to its issuance and takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the Proposal (as defined herein).



Maybank

MALAYAN BANKING BERHAD

(Company No. 3813-K)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED BONUS ISSUE OF UP TO 987,277,005 NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK ("MAYBANK SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) NEW MAYBANK SHARE FOR EVERY FOUR (4) EXISTING MAYBANK SHARES HELD

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Advised By



Aseambankers

Aseambankers Malaysia Berhad (15938-H)

The notice convening the Extraordinary General Meeting ("**EGM**") of Maybank to be held at 51st Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur on 23 January 2008, Wednesday at 11.30 a.m. or at any adjournment thereof to consider the abovementioned proposal is enclosed with this Circular. The Form of Proxy in respect of the said EGM is also enclosed herewith which you are urged to complete and deposit at the Registered Office of the Company at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur not later than forty eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular Is Dated 4 January 2008

DEFINITIONS

In this Circular and the accompanying appendix, the following abbreviations shall have the following meanings unless otherwise stated:

| | |
|--|--|
| “Act” | : The Companies Act, 1965 as amended from time to time and any re-enactment thereof |
| “Aseambankers” | : Aseambankers Malaysia Berhad (15938-H) |
| “BNM” | : Bank Negara Malaysia |
| “Board” or “Directors” | : Board of Directors of Maybank |
| “Bonus Share(s)” | : New Maybank Share(s) issued pursuant to the Proposed Bonus Issue |
| “Bursa Depository” or “the Depository” | : Bursa Malaysia Depository Sdn Bhd (165570-W) |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad (635998-W) |
| “EGM” | : Extraordinary general meeting |
| “Entitlement Date” | : The date on which the Company’s Register of Members and/or Record of Depositors with Bursa Depository will be closed to determine the entitlement of the shareholders of the Company to the Proposed Bonus Issue |
| “EPS” | : Earnings per share |
| “ESOS” | : Employees’ Share Option Scheme of Maybank |
| “FPE” | : Financial period ended |
| “FYE” | : Financial year ended/ending |
| “Maybank” or “Company” | : Malayan Banking Berhad (3813-K) |
| “Maybank Group” or “Group” | : Maybank and its subsidiaries |
| “Maybank Share(s)” or “Share(s)” | : Ordinary share(s) of RM1.00 each in Maybank |
| “Maximum Scenario” | : The scenario assuming the entire outstanding ESOS options as at 3 December 2007 are fully exercised prior to the Entitlement Date |
| “Minimum Scenario” | : The scenario assuming none of the outstanding ESOS options as at 3 December 2007 are exercised prior to the Entitlement Date |
| “NA” | : Net assets |
| “Proposed Bonus Issue” | : Proposed bonus issue of up to 987,277,005 new Maybank Shares credited as fully paid-up on the basis of one (1) new Maybank Share for every four (4) existing Maybank Shares held on the Entitlement Date |

DEFINITIONS (CONT'D)

- “Record of Depositors” : A record of securities holders established by Bursa Depository under the Rules of the Depository
- “RM” and “sen” : Ringgit Malaysia and sen respectively

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this circular shall be a reference to Malaysian time, unless otherwise stated.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

| | PAGE |
|--|-----------------|
| LETTER TO SHAREHOLDERS OF MAYBANK | |
| 1. INTRODUCTION | 1 |
| 2. PROPOSED BONUS ISSUE | 2 |
| 3. RATIONALE FOR THE PROPOSED BONUS ISSUE | 3 |
| 4. EFFECTS OF THE PROPOSED BONUS ISSUE | 3 |
| 5. HISTORICAL SHARE PRICES | 6 |
| 6. APPROVALS REQUIRED | 6 |
| 7. INTEREST OF DIRECTORS', MAJOR SHAREHOLDER(S) AND PERSON(S) CONNECTED TO THEM | 7 |
| 8. ESTIMATED TIMEFRAME FOR COMPLETION | 7 |
| 9. DIRECTORS' STATEMENT AND RECOMMENDATION | 7 |
| 10. OTHER CORPORATE PROPOSALS | 7 |
| 11. EGM | 7 |
| 12. FURTHER INFORMATION | 8 |
| APPENDIX | |
| I FURTHER INFORMATION | 9 |
| NOTICE OF EGM | <i>Enclosed</i> |
| FORM OF PROXY | <i>Enclosed</i> |



Maybank

MALAYAN BANKING BERHAD

(Company No. 3813-K)
(Incorporated in Malaysia)

Registered Office:
14th Floor, Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur,
Malaysia

4 January 2008

The Board of Directors

Tan Sri Mohamed Basir Bin Ahmad (*Non-Independent Non-Executive Director/Chairman*)
Datuk Amirsham A Aziz (*Non-Independent Executive Director*)
Haji Mohd Hashir Bin Haji Abdullah (*Independent Non-Executive Director*)
Teh Soon Poh (*Independent Non-Executive Director*)
Datuk Abdul Rahman Bin Mohd Ramli (*Non-Independent Non-Executive Director*)
Dato' Mohammed Hussein (*Non-Independent Executive Director*)
Tan Sri Dato' Megat Zaharuddin Bin Megat Mohd Nor (*Independent Non-Executive Director*)
Datuk Zainun Aishah Binti Ahmad (*Non-Independent Non-Executive Director*)
Tan Sri Dato' Sri Chua Hock Chin (*Independent Non-Executive Director*)
Datuk Syed Tamim Ansari Bin Syed Mohamed (*Independent Non-Executive Director*)

To: The Shareholders of Malayan Banking Berhad

Dear Sir / Madam,

MALAYAN BANKING BERHAD

- **PROPOSED BONUS ISSUE OF UP TO 987,277,005 NEW MAYBANK SHARES TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) NEW MAYBANK SHARE FOR EVERY FOUR (4) EXISTING MAYBANK SHARES HELD**

1. INTRODUCTION

On 15 November 2007, Aseambankers announced on behalf of the Board that the Company proposes to undertake a bonus issue of up to 987,277,005 new Maybank Shares, to be credited as fully paid-up on the basis of one (1) Bonus Share for every four (4) Maybank Shares held at the Entitlement Date.

The details of the Proposed Bonus Issue are set out in Section 2 of this Circular.

An application has been made to the Bursa Securities for the additional listing of and quotation for the new Shares to be issued pursuant to the Proposed Bonus Issue.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED BONUS ISSUE AND TO SET OUT THE VIEW AND RECOMMENDATION OF YOUR BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION WHICH WILL BE TABLED AT THE FORTHCOMING EGM TO BE CONVENED. A NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY IS ENCLOSED HERewith IN THIS CIRCULAR.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE AT THE FORTHCOMING EGM.

2. PROPOSED BONUS ISSUE

2.1 Details of the Proposed Bonus Issue

The Proposed Bonus Issue involves the issuance of up to 987,277,005 Bonus Shares, to be credited as fully paid-up by the Company, on the basis of one (1) new Maybank Share for every four (4) existing Maybank Shares held on the Entitlement Date to be announced later.

The maximum number of Bonus Shares that may be issued under the Proposed Bonus Issue was arrived at after considering the following: -

- (i) the issued and paid-up share capital of Maybank as at 3 December 2007 of 3,895,721,821 Maybank Shares; and
- (ii) assuming all the outstanding ESOS options will be fully exercised prior to the Entitlement Date.

The Bonus Shares will be allotted to the shareholders of the Company whose names appear on the Register of Members and/or Record of Depositors on the Entitlement Date. In determining the shareholders' entitlements to the Bonus Shares, fractional entitlements will be disregarded and will be dealt with by the Board at their absolute discretion in such manner so as to minimise the incidence of odd lots.

2.2 Capitalisation for the Bonus Shares

The Proposed Bonus issue will be effected by way of capitalisation of up to approximately RM987.3 million from the share premium reserve of the Company. Based on the latest audited financial statements of Maybank for the FYE 30 June 2007 and latest unaudited quarterly report for the FPE 30 September 2007, the share premium reserve of the Company stood at approximately RM2,935.6 million and RM2,964.4 million respectively.

For illustration purpose only, the Proposed Bonus Issue shall be capitalised from the share premium reserve of the Company (based on Maximum Scenario) in the manner as set out below: -

Maximum Scenario

| Company level | Proforma as at 30 June 2007 |
|---|--|
| Share Premium Reserve | RM'000 |
| Share premium reserve as at 30 June 2007 (Audited) | 2,935,570 |
| Adjusted for: | |
| -Subsequent ESOS options exercised from 1 July 2007 up to 3 December 2007 | 57,072 |
| | 2,992,642 |
| -Assuming all outstanding ESOS options under the Maximum Scenario are exercised | 466,645 |
| | 3,459,287 |
| Less: | |
| -Capitalisation for the Bonus Issue | (987,277) |
| -Estimated expenses for the Proposed Bonus Issue | (250) |
| Share premium reserve after Proposed Bonus Issue | 2,471,760 |
| | |

Messrs Ernst & Young, the statutory auditors, had vide its letter dated 10 December 2007 confirmed that Maybank has sufficient share premium reserve available to be capitalised for the Proposed Bonus Issue.

The Board confirms that the Company's share premium reserve is unimpaired by any losses on a consolidated basis based on the Company's latest audited results for the FYE 30 June 2007 and unaudited quarterly report for the FPE 30 September 2007.

2.3 Ranking of the Bonus Shares

The Bonus Shares will be listed and quoted on the Main Board of Bursa Securities and will, upon issue and allotment, rank pari passu in all respects with existing Maybank Shares.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue will increase the issued and paid-up share capital of the Company to a level which would be more reflective of the existing operations and assets employed by the Maybank Group. The Proposed Bonus Issue will also make the Maybank Shares more affordable and this is expected to increase the liquidity of the Maybank Shares on the Bursa Securities. Further, the Proposed Bonus Issue will enable the existing shareholders of Maybank to have a larger number of shares in Maybank while maintaining their equity interest. The Proposed Bonus Issue also rewards the shareholders through the distribution of the Company's share premium reserve in the form of Bonus Shares.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

The effects of the Proposed Bonus Issue are as follows: -

4.1 Share Capital

The effects of the Proposed Bonus Issue on the issued and paid-up share capital of the Company are set out below: -

| | Minimum Scenario | | Maximum Scenario | |
|---|--------------------|-----------|-----------------------|-----------------------|
| | No. of Shares '000 | RM'000 | No. of Shares '000 | RM'000 |
| Issued and Paid-up Share Capital | | | | |
| As at 3 December 2007 | 3,895,722 | 3,895,722 | 3,895,722 | 3,895,722 |
| To be issued pursuant to exercise of outstanding ESOS options | - | - | ⁽¹⁾ 53,386 | ⁽¹⁾ 53,386 |
| | 3,895,722 | 3,895,722 | 3,949,108 | 3,949,108 |
| To be issued pursuant to Proposed Bonus Issue | 973,931 | 973,931 | 987,277 | 987,277 |
| Issued and paid-up share capital after Proposed Bonus Issue | 4,869,653 | 4,869,653 | 4,936,385 | 4,936,385 |
| | | | | |

Note: -

(1) Assuming all the 53,386,200 outstanding ESOS options as at 3 December 2007 are exercised prior to the Entitlement Date.

4.2 NA and Gearing

Based on the audited financial statements of the Maybank Group for the FYE 30 June 2007 and on the assumption that the Proposed Bonus Issue is effected on that date, the proforma effects of the Proposed Bonus Issue on the NA of the Maybank Group are set out as follows: -

Minimum Scenario

| | Audited As at 30 June 2007 | (I) Subsequent exercise of ESOS options ⁽¹⁾ | (II) After (I) And Proposed Bonus Issue ⁽²⁾ |
|------------------------------|-------------------------------|--|---|
| | RM'000 | RM'000 | RM'000 |
| Share capital | 3,889,225 | 3,895,722 | 4,869,653 |
| Non-distributable | | | |
| Share premium | 2,935,570 | 2,992,642 | 2,018,461 |
| Statutory reserves | 3,921,988 | 3,921,988 | 3,921,988 |
| Capital reserve | 15,250 | 15,250 | 15,250 |
| Unrealised holding reserves | 405,588 | 405,588 | 405,588 |
| Exchange fluctuation reserve | (83,994) | (83,994) | (83,994) |
| Share option reserve | 61,228 | 61,228 | 61,228 |
| | 7,255,630 | 7,312,702 | 6,338,521 |
| Distributable | | | |
| Retained profits | 8,052,801 | 8,052,801 | 8,052,801 |
| Total reserves | 15,308,431 | 15,365,503 | 14,391,322 |
| NA | 19,197,656 | 19,261,225 | 19,260,975 |
| Number of Shares | 3,889,225 | 3,895,722 | 4,869,653 |
| NA per Share (RM) | 4.94 | 4.94 | 3.96 |

Notes: -

- (1) After taking into account the actual issuance of Maybank Shares pursuant to the exercise of ESOS options from 1 July 2007 up to 3 December 2007.
- (2) After capitalisation of share premium for the Proposed Bonus Issue and netting of expenses in relation to the Proposed Bonus Issue of RM250,000.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Maximum Scenario

| | Audited As at 30 June 2007 | (I) Subsequent exercise of ESOS options ⁽¹⁾ | (II) After (I) and exercise of outstanding ESOS options ⁽²⁾ | (III) After (II) And Proposed Bonus Issue ⁽³⁾ |
|---------------------------------|---------------------------------------|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Share capital | 3,889,225 | 3,895,722 | 3,949,108 | 4,936,385 |
| Non-distributable | | | | |
| Share premium | 2,935,570 | 2,992,642 | 3,459,287 | 2,471,760 |
| Statutory reserves | 3,921,988 | 3,921,988 | 3,921,988 | 3,921,988 |
| Capital reserve | 15,250 | 15,250 | 15,250 | 15,250 |
| Unrealised holding reserves | 405,588 | 405,588 | 405,588 | 405,588 |
| Exchange fluctuation reserve | (83,994) | (83,994) | (83,994) | (83,994) |
| Share option reserve | 61,228 | 61,228 | 61,228 | 61,228 |
| | 7,255,630 | 7,312,702 | 7,779,347 | 6,791,820 |
| Distributable | | | | |
| Retained profits | 8,052,801 | 8,052,801 | 8,052,801 | 8,052,801 |
| Total reserves | 15,308,431 | 15,365,503 | 15,832,148 | 14,844,621 |
| NA | 19,197,656 | 19,261,225 | 19,781,256 | 19,781,006 |
| Number of Shares | 3,889,225 | 3,895,722 | 3,949,108 | 4,936,385 |
| NA per Share (RM) | 4.94 | 4.94 | 5.01 | 4.01 |

Notes:-

- (1) After taking into account actual issuance of Maybank Shares pursuant to the exercise of ESOS options from 1 July 2007 up to 3 December 2007.
- (2) Assuming all the 53,386,200 outstanding ESOS options as at 3 December 2007 are exercised prior to the Entitlement Date at exercise prices ranging between RM9.23 and RM10.58 per option.
- (3) After capitalisation of share premium for the Proposed Bonus Issue and netting of expenses in relation to the Proposed Bonus Issue of RM250,000.

The Proposed Bonus Issue will not have any effect on the gearing of the Group.

4.3 Earnings

The Proposed Bonus Issue will not have any material impact on the earnings of the Group for the FYE 30 June 2008. However, the Proposed Bonus Issue will result in a corresponding reduction in the Group's future consolidated EPS due to the corresponding increase in the number of issued and paid-up shares of the Company.

4.4 Substantial Shareholders' Shareholdings

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholders of Maybank. However, the number of Maybank Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

4.5 Dividend Rate

The Board had on 15 November 2007 recommended a first interim dividend of 17.5 sen per Maybank Share less income tax at 26% for the FYE 30 June 2008. For the avoidance of doubt, the Proposed Bonus Issue will not be entitled to the interim dividend. The quantum/amount of dividend to be declared and paid in the future would depend on the performance, cashflow position and financing requirements of the Maybank Group.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Maybank Shares traded on Bursa Securities for the past 12 months are as follows: -

| | LOW RM | HIGH RM |
|-------------|-------------------|--------------------|
| 2006 | | |
| December | 11.30 | 12.00 |
| 2007 | | |
| January | 11.30 | 12.70 |
| February | 11.60 | 13.80 |
| March | 11.70 | 13.00 |
| April | 11.90 | 13.00 |
| May | 11.90 | 12.60 |
| June | 11.90 | 12.50 |
| July | 11.90 | 12.50 |
| August | 10.50 | 12.40 |
| September | 11.00 | 11.80 |
| October | 11.00 | 11.80 |
| November | 11.00 | 11.70 |

Last transacted market price on 14 November 2007, being the date immediately prior to the announcement of the Proposed Bonus Issue RM11.30

Last transacted market price on 28 December 2007, being the latest practicable date before the printing and despatch of this Circular RM11.80

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to approvals being obtained from the following: -

- (i) Bursa Securities for the listing of and quotation for the Bonus Shares;
- (ii) BNM for the increase in paid-up capital of Maybank (which was obtained via its letter dated 15 November 2007); and
- (iii) Shareholders of Maybank at an EGM to be convened.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDER(S) AND PERSON(S) CONNECTED TO THEM

None of the Directors or major shareholder(s) of Maybank or person(s) connected to the Directors or major shareholder(s) of Maybank has any interest, directly or indirectly, in the Proposed Bonus Issue beyond their respective entitlements as shareholders of Maybank, for which all the existing shareholders are also entitled to.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposed Bonus Issue is expected to be completed in the first quarter of 2008.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Having considered the rationale and financial effects of the Proposed Bonus Issue, and after due and careful deliberation, the Board is of the opinion that the Proposed Bonus Issue is in the best interest of Maybank and its shareholders and accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM.

10. OTHER CORPORATE PROPOSALS

Save for the business acquisition agreement dated 16 November 2007 between Maybank and Maybank Islamic Berhad ("MIB") as disclosed in Section 4(iv) of Appendix I of this Circular and the Proposed Bonus Issue, which is the subject of this Circular, the Board has confirmed that, as at 28 December 2007, the Company does not have any outstanding corporate exercise/scheme which has been announced but is pending completion.

11. EGM

An EGM, notice of which is enclosed in this Circular, will be held at 51st Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur on 23 January 2008, Wednesday at 11.30 a.m. for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Bonus Issue.

If you are unable to attend and vote at the EGM in person, you will find enclosed with this Circular, a Form of Proxy which you are requested to complete, sign and return in accordance with the instructions contained therein as soon as possible and, in any event, so as to arrive at the Registered Office of the Company at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur not later than forty-eight (48) hours before the time set for the EGM or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendix for further information.

Yours faithfully
for and on behalf of the Board of
MALAYAN BANKING BERHAD

Datuk Amirsham A Aziz
President and Chief Executive Officer

FURTHER INFORMATION

1. Responsibility Statement

This Circular has been seen and approved by the Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. Consents

Aseambankers, being the Adviser to the Company for the Proposed Bonus Issue has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Messrs Ernst & Young, being the statutory auditors of Maybank has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

3. Conflict Of Interest

Aseambankers is a wholly-owned subsidiary of Maybank and it is not aware of any circumstances that exist or are likely to give rise to a possible conflict of interest situation in its capacity as Adviser to the Company for the Proposed Bonus Issue.

Messrs Ernst & Young is not aware of any circumstances that exist or are likely to give rise to a possible conflict of interest situation in its capacity as the statutory auditors of Maybank.

4. Material Contracts

Save for the material contracts as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group within the two (2) years preceding the date of this Circular:

- (i) Business transfer agreement dated 14 March 2006 between BNM, Maybank (as “Transferee”) and Kewangan Bersatu Berhad (as “Transferor”) for the transfer of net liabilities of the Transferor to the Transferee, for which the Transferee was indemnified for an amount of approximately RM513.4 million.
- (ii) Business transfer agreement-1 and business transfer agreement-2 dated 11 July 2006 between Aseambankers and Mayban Securities Sdn Bhd (“MSSB”) and Mayban Discount Berhad (“MDB”) respectively to merge and form an investment bank for a total cash consideration equivalent to the audited net tangible assets (“NTA”) of MSSB and MDB as at the day preceding the transfer date.
- (iii) Share sale agreement dated 23 August 2006 between Maybank and Aseambankers in relation to the acquisition by Aseambankers of the shares in Mayban Securities Holdings Sdn Bhd (“MSHSB”) from Maybank for a total cash consideration equivalent to the audited NTA of MSHSB as at the day preceding the transfer date.
- (iv) Business acquisition agreement dated 16 November 2007 between Maybank and MIB, the Islamic banking subsidiary of Maybank whereby MIB shall purchase Maybank’s Islamic banking business in Malaysia for a consideration that will be determined later.

FURTHER INFORMATION

5. Material Litigation

Save as disclosed below, as at 3 December 2007, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group:

- (i) KLHC Suit No. D6(D8)-22-1810-2005, MDB and 9 others versus Pesaka Astana (M) Sdn Bhd, Mayban Trustees Berhad (“MTB”) and 10 others.

In 2005, MTB, a subsidiary of Maybank, and 11 other defendants were served with a writ of summon by ten (10) bondholders for an amount of approximately RM157.8 million. MTB was alleged to have acted in breach of trust and negligence in its capacity as trustee for the bonds issued. The legal suit is pending court hearing and the liability amount, if any, is subject to the court’s decision.

During the FYE 30 June 2007, MTB had proceeded to file a counter-claim on a full indemnity basis against one of the bondholders and two of the other defendants to the suit.

The contingent liability is covered by an existing Banker Blanket Bond Policy between Maybank and a subsidiary, Mayban General Assurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150.0 million with three other re-insurers.

- (ii) KLHC Suit No. S3-22-1331-2004, Takaful Nasional Berhad (“TB”) versus Continental Nominees Sdn Bhd (“CNSB” or “first defendant”) and three (3) others.

In 2004, TB, now a subsidiary of Maybank, commenced a civil suit against CNSB and three guarantors for a sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the first defendant’s failure to pay monthly instalments.

The first defendant counter-claimed for loss and damage amounting to approximately RM284.0 million as a result of TB’s alleged failure to release the balance of the facility of RM7.5 million. It is alleged that the first defendant was unable to carry on with its project and therefore has suffered loss and damage. TB is proceeding with its claim and is resisting the first defendant’s counter-claim.

The new hearing dates for TB’s application for Order 14 (Summary Judgment) and to strike out the counter-claim are both fixed for 29 January 2008.

TB is of the view that it has a good chance of succeeding in the action and is securing a dismissal of the first defendant’s counter-claim.

FURTHER INFORMATION

6. Documents Available For Inspection

Copies of the following documents 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 from the date of this Circular up to the date of the EGM:

- (a) Memorandum and Articles of Association of the Company;
- (b) Audited financial statements of Maybank for the past two (2) FYE 30 June 2006 and 30 June 2007 and the unaudited quarterly report for the FPE 30 September 2007;
- (c) Letters of consent referred to in Section 2 of this Appendix;
- (d) Material contracts referred to in Section 4 of this Appendix; and
- (e) The cause papers in relation to the material litigations referred to in Section 5 of this Appendix.

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]



Maybank

MALAYAN BANKING BERHAD

(Company No. 3813-K)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Malayan Banking Berhad (“**Maybank**” or “**the Company**”) will be held at 51st Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur on 23 January 2008, Wednesday at 11.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 987,277,005 NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK (“MAYBANK SHARE(S)”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) NEW MAYBANK SHARE FOR EVERY FOUR (4) EXISTING MAYBANK SHARES HELD (“PROPOSED BONUS ISSUE”)

“**THAT** Approval be and is hereby given to the Directors of the Company to capitalise and apply a total sum of up to approximately RM987.3 million from the Company’s share premium reserve for the purpose of the Proposed Bonus Issue, the details of which are set out in Section 2 of the Circular to Shareholders of the Company dated 04 January 2008 (“**Circular**”);

THAT the Directors of the Company be and are hereby authorised to apply such sums and to issue at par, up to 987,277,005 new Maybank Shares (“**Bonus Shares**”) to be credited as fully paid-up and such Bonus Shares to be allotted to the shareholders of the Company whose names appear on the Register of Members and/or Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Directors of the Company, in the proportion of one (1) new Maybank Share for every four (4) existing Maybank Shares held in the Company on the aforesaid entitlement date;

THAT any fractional entitlements will be disregarded and will be dealt with by the Directors of the Company in such manner so as to minimise the incidence of odd lots and as the Directors of the Company may in their absolute discretion think fit and expedient and in the best interest of the Company and shareholders;

THAT the Bonus Shares shall, upon issue and allotment, rank *pari passu* in all respects with the existing Maybank Shares in issue.

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to give full effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities in the best interest of the Company and to do all such acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Bonus Issue.”

By Order of the Board

MOHD NAZLAN MOHD GHAZALI
(LS 0006977)
Company Secretary

Kuala Lumpur
4 January 2008

Notes: -

1. *The right of foreigners to vote in respect of securities is subject to Section 41(2) of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depository) (Foreign Ownership) Regulations, 1996 and the Articles of Maybank.*
2. *A member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.*
3. *The duly completed Form of Proxy must be deposited at the Company's Registered Office at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia by 21 January 2008 at 11.30 a.m.*
4. *For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.*
5. *Only members registered in the Record of Depositors on or before 12.30 p.m., on 18 January 2008 shall be eligible to attend the EGM.*



MALAYAN BANKING BERHAD
(Company No. 3813-K)
(Incorporated in Malaysia)

Form of Proxy

For the EXTRAORDINARY GENERAL MEETING

| | | | | | | | | | | |
|-----------------------|----------------|--|--|--|--|--|--|--|--|--|
| Number of shares held | CDS Account No | | | | | | | | | |
| | | | | | | | | | | |

Please refer to the notes below before completing this Form of Proxy

I/We _____ NRIC / Co. No. _____
(full name in block letters)

of _____ Telephone No. _____
(full address)

a shareholder/shareholders of MALAYAN BANKING BERHAD, hereby appoint

_____ (full name in block letters)

of _____ (full address)

or failing him/her _____

_____ (full name in block letters)

of _____ (full address)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of Malayan Banking Berhad to be held at 51st Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur on 23 January 2008, Wednesday at 11.30 a.m. and at any adjournment thereof for the following resolution as set out in the Notice of Extraordinary General Meeting: -

| No. | Resolution | For | Against |
|-----|--|-----|---------|
| 1 | Ordinary Resolution: Proposed Bonus Issue | | |

My/Our proxy is to vote on the resolution as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2008

Signature(s)/Common Seal of shareholder(s)

Notes:

- The right of foreigners to vote in respect of securities is subject to Section 41(2) of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depository) (Foreign Ownership) Regulations, 1996 and the Articles of Maybank.*
- A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.*
- The duly completed Form of Proxy must be deposited at the Company's Registered Office at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia by 21 January 2008 at 11.30 a.m.*
- For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.*
- Only members registered in the Record of Depositors on or before 12.30 p.m., on 18 January 2008 shall be eligible to attend the Extraordinary General Meeting.*

