

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 adviser immediately.

If you have sold or transferred all your shares in Malayan Banking Berhad (3813-K) ("Maybank" or the "Company"), please hand this Circular together with the accompanying Form of Proxy, to the agent through whom the sale or transfer was contracted or effected for transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad 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 Proposed Dividend Reinvestment Plan (as defined herein).



MALAYAN BANKING BERHAD

(Company No. 3813-K)

(Incorporated in Malaysia under the Companies Ordinances, 1940-1946)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

**PROPOSED RECURRENT AND OPTIONAL DIVIDEND REINVESTMENT PLAN THAT ALLOWS
SHAREHOLDERS OF MAYBANK TO REINVEST THEIR DIVIDEND (AS DEFINED HEREIN) IN
NEW ORDINARY SHARE(S) OF RM1.00 EACH IN MAYBANK ("PROPOSED DIVIDEND
REINVESTMENT PLAN")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting ("EGM") to be held at Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 14 May 2010 at 9.30 a.m. or any adjournment thereof, for the purpose of considering the Proposed Dividend Reinvestment Plan together with the Form of Proxy are enclosed in this Circular. The full text of the ordinary resolution to be passed in respect of the Proposed Dividend Reinvestment Plan is set out in this Circular.

The Form of Proxy in respect of the said EGM is also enclosed herewith which you are urged to complete and deposit to the office of our appointed share registrar for this EGM, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 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.

The last day and time for lodging the Form of Proxy: Wednesday, 12 May 2010 at 9.30 a.m.
Date and time of the EGM: Friday, 14 May 2010 at 9.30 a.m. or any adjournment thereof.

This Circular is dated 29 April 2010

DEFINITIONS

In this Circular and the accompanying appendices, 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-enactments thereto
“AGM”	:	Annual general meeting
“BNM”	:	Bank Negara Malaysia
“Board” or “Directors”	:	Board of Directors of Maybank
“Books Closure Date”	:	Books closure date in relation to a Dividend to which the Proposed Dividend Reinvestment Plan applies
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Circular”	:	This circular dated 29 April 2010 in relation to the Proposed Dividend Reinvestment Plan
“CMSA”	:	Capital Markets and Services Act, 2007
“Dividend”	:	Either an interim or final cash dividend and/or a special or other cash dividend declared by Maybank
“EGM”	:	Extraordinary general meeting
“Electable Portion”	:	The whole or a portion of the Dividend to which the Board in its absolute discretion, determines that the Proposed Dividend Reinvestment Plan applies
“EPS”	:	Earnings per share
“Expiry Date”	:	The last day (which will be a date to be fixed and announced by the Directors) for our shareholders to make an election in relation to a Dividend to which the Proposed Dividend Reinvestment Plan applies
“FYE”	:	Financial year ended / ending
“LPD”	:	2 April 2010, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	Any day between Monday to Friday (both days inclusive), which is not a public holiday and on which Bursa Securities is open for trading of securities
“Maybank” or “Company”	:	Malayan Banking Berhad (3813-K)
“Maybank Group” or “Group”	:	Maybank and its subsidiaries
“Maybank IB”	:	Maybank Investment Bank Berhad (15938-H), the adviser to our Company for the implementation of the Proposed Dividend Reinvestment Plan based on terms and conditions set by us

DEFINITIONS (Cont'd)

“Maybank Share(s)”	:	Ordinary share(s) of RM1.00 each in Maybank
“Notice of Election”	:	Notice of election in relation to the Proposed Dividend Reinvestment Plan
“Price Fixing Date”	:	A price fixing date to be determined by the Board, subsequent to the receipt of all relevant regulatory approvals for the Proposed Dividend Reinvestment Plan
“Proposed Dividend Reinvestment Plan”	:	The proposed recurrent and optional dividend reinvestment plan that allows our Shareholders to reinvest their Dividend in new Maybank Shares in accordance with the terms set out in Appendix I of this circular
“Record of Depositors”	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“Remaining Portion”	:	The remaining portion of the Dividend after the deduction of Electable Portion, where applicable
“Rules of Bursa Depository”	:	Means the rules of the central depository as defined in the Securities Industry (Central Depositories) Act 1991 as amended from time to time or any re-enactments thereto
“SC”	:	Securities Commission
“Shareholders”	:	Shareholders of Maybank
“Take-over Code”	:	The Malaysian Code on Take-Overs and Mergers, 1998 as amended from time to time and any re-enactments thereto
“VWAMP”	:	Volume weighted average market price

Terms on Currency

“RM” and “sen” : Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia

“SGD” : Singapore Dollar, being the lawful currency of Singapore

All references to “we”, “us”, “our”, “ourselves” are to our Company, and where the context otherwise requires, our subsidiaries.

All references to “you” in this Circular are to our Shareholders who are entitled to attend and vote at the EGM and whose names appear in our Record of Depositors and on the date to be determined by our Board.

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.

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Maybank

MALAYAN BANKING BERHAD

(Company No. 3813-K)

(Incorporated in Malaysia under the Companies Ordinances, 1940 - 1946)

Registered Office:

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

29 April 2010

Our Board

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor (*Non-Independent Non-Executive Director/Chairman*)

Dato' Mohd Salleh bin Hj Harun (*Independent Non-Executive Director/ Vice Chairman*)

Dato' Sri Abdul Wahid bin Omar (*Non-Independent Executive Director/ President and Chief Executive Officer*)

Tan Sri Datuk Dr Hadenan A. Jalil (*Independent Non-Executive Director*)

Dato' Seri Ismail Shahudin (*Independent Non-Executive Director*)

Dato' Dr Tan Tat Wai (*Independent Non-Executive Director*)

Zainal Abidin bin Jamal (*Non-Independent Non-Executive Director*)

Alister Maitland (*Independent Non-Executive Director*)

Cheah Teik Seng (*Independent Non-Executive Director*)

Dato' Johan bin Ariffin (*Independent Non-Executive Director*)

Sreesanthan Eliathamby (*Non-Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RECURRENT AND OPTIONAL DIVIDEND REINVESTMENT PLAN THAT ALLOWS OUR SHAREHOLDERS TO REINVEST THEIR DIVIDEND IN NEW MAYBANK SHARES

1. INTRODUCTION

On behalf of our Board, Maybank IB had, on 25 March 2010, announced that our Company proposed to undertake a recurrent and optional dividend reinvestment plan that allows our Shareholders to reinvest their Dividend in new Maybank Shares.

BNM had, vide its letter dated 22 February 2010, approved the Proposed Dividend Reinvestment Plan.

Further details of the Proposed Dividend Reinvestment Plan are set out in Section 2 of this Circular.

The purpose of this Circular is to provide you with details of the Proposed Dividend Reinvestment Plan and to set out the views and recommendations of your Board as well as to seek your approval for the resolution pertaining to the Proposed Dividend Reinvestment Plan which will be tabled at the forthcoming EGM. Notice of the EGM together with the Form of Proxy is enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DIVIDEND REINVESTMENT PLAN AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DIVIDEND REINVESTMENT PLAN

2.1 Election to receive cash Dividend or to reinvest the cash Dividend in new Maybank Shares

Whenever a Dividend is announced, our Board may, in its absolute discretion, determine that the Proposed Dividend Reinvestment Plan will apply to the whole or a portion of the Dividend and where applicable any remaining portion of the Dividend will be paid in cash.

Each Shareholder has the following options in respect of the Electable Portion:

- (a) elect to receive the Electable Portion in cash; or
- (b) elect to reinvest the entire Electable Portion in new Maybank Shares credited as fully paid-up at an issue price to be determined on the Price Fixing Date.

There is no tax advantage to be gained in either option elected as aforementioned.

Unless our Board has determined that the Proposed Dividend Reinvestment Plan will apply to a particular Dividend, the Dividend concerned will be paid in cash to our Shareholders in the usual manner.

For the purpose of calculating the number of new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan, the issue price of such new Maybank Shares shall not be more than 10% discount to the five (5)-day VWAMP of Maybank Shares immediately prior to the Price Fixing Date. An announcement on the Books Closure Date will be made thereafter.

Subsequently, a copy of the Notice of Election and information memorandum/ modified prospectus (as the case may be) will be despatched to our Shareholders respectively. The Expiry Date will be stated in the Notice of Election.

After the Books Closure Date, our Company shall transfer funds amounting to the total net payment of the Dividend to which the Proposed Dividend Reinvestment Plan applies (after the deduction of any applicable income tax) from its account to an escrow account held in trust for our Shareholders ("**Transfer Date**").

Maybank will within eight (8) market days from the Expiry Date or such date as may be prescribed by Bursa Securities, allot and issue the new Maybank Shares and despatch notices of allotment to the Shareholders (who elect to participate in the Proposed Dividend Reinvestment Plan) ("**Allotment Date**") by ordinary post at Shareholders' own risk to the addresses shown in Bursa Depository's record. Concurrently on the Allotment Date, the Remaining Portion and the Electable Portion (where the Shareholders choose to receive in cash) will be paid to the respective Shareholders in the usual manner. The tax voucher for such Dividend will be despatched to the Shareholders who are entitled to such Dividend. As such, no new funds (other than funds to be transferred from the escrow account) will be raised under the Proposed Dividend Reinvestment Plan. The new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan will not be underwritten. An announcement will also be made on the listing of and quotation for the new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan on the Official List of Bursa Securities.

As the new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan are prescribed securities, the new Maybank Shares will be credited directly into the respective Central Depository System Accounts of our Shareholders. No physical share certificates will be issued.

The maximum number of new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan will depend on our Board's decision on the Electable Portion, the number of our Shareholders that elect to participate in the Proposed Dividend Reinvestment Plan in respect of the Electable Portion and the issue price which is to be determined on the Price Fixing Date.

The new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan will rank *pari passu* in all respects with the existing Maybank Shares, except that the holders of new Maybank Shares shall not be entitled to any Dividends, rights, allotments and/or other distributions which may be declared, made or paid preceding the date of allotment of the new Maybank Shares.

Under the Proposed Dividend Reinvestment Plan, our Shareholders who elect to participate in the Proposed Dividend Reinvestment Plan shall be entitled to fractional shares and such fractional entitlements will be paid in cash to the Shareholders in the usual manner.

Our Shareholders will receive the Electable Portion in cash if they do not expressly in writing elect to participate in the Proposed Dividend Reinvestment Plan according to its terms. As such, our Shareholders need not take any action if they wish to receive their Electable Portion in cash.

2.2 Availability of the Proposed Dividend Reinvestment Plan

Notwithstanding any provisions of the Proposed Dividend Reinvestment Plan, if at any time after our Board has determined that the Proposed Dividend Reinvestment Plan shall apply to any Dividend and before the allotment and issuance of new Maybank Shares in respect of the Electable Portion, our Board shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Proposed Dividend Reinvestment Plan in respect of the Electable Portion, our Board may, in their absolute discretion and as they deem fit and in the interest of our Company and without assigning any reason whatsoever, cancel the application of the Proposed Dividend Reinvestment Plan in relation to the Electable Portion. In such event, the Electable Portion shall be paid in cash to our Shareholders in the usual manner.

2.3 Eligibility

All our Shareholders are eligible to participate in the Proposed Dividend Reinvestment Plan, subject to the restrictions on our Shareholders with registered addresses outside Malaysia as at the relevant Books Closure Date for the Dividend to which the Proposed Dividend Reinvestment Plan applies, and further subject to the requirement that such participation by our Shareholder will not result in a breach of any other restriction on such Shareholder's holding of our Shares which may be imposed by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be, or prescribed in the Memorandum or the Articles of Association of our Company.

Shareholders who currently have registered addresses outside Malaysia are strongly advised to inform our share registrar at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur on their registered addresses in Malaysia by three (3) market days before the relevant Books Closure Date for the Dividend to which the Proposed Dividend Reinvestment Plan applies.

2.4 Take-over offer implications

The attention of our Shareholders is drawn to Section 6(1) of Part II of the Take-over Code and Section 216 of the CMSA. In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for our Company if:

- (a) he subscribes, by participating in the Proposed Dividend Reinvestment Plan in relation to any Electable Portion, whether at one time or different times, Maybank Shares which (taken together with Maybank Shares held or acquired by him or that he is entitled to exercise or control the exercise of, or of persons acting in concert with him) of more than thirty-three per cent (33%) of the voting shares, or such other amount as may be prescribed in the Take-Over Code in a company, howsoever effected; or
- (b) he, together with persons acting in concert with him, holds more than thirty-three per cent (33%) but less than fifty per cent (50%) of the voting shares of our Company and he and/or any person acting in concert with him, acquires in any period of six (6) months additional Maybank Shares carrying more than two per cent (2%) of the voting shares of our Company including participation in the Proposed Dividend Reinvestment Plan in relation to any Electable Portion.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Take-over Code or other relevant legislation or regulations. Our Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any subscription of Maybank Shares through their participation in the Proposed Dividend Reinvestment Plan are advised to consult their professional advisers at the earliest opportunity.

2.5 Odd lots

A Shareholder who elects to reinvest the Electable Portion in new Maybank Shares to which his Notice of Election relates may receive such new Maybank Shares in odd lots. Our Shareholders who receive odd lots of new Maybank Shares and who wish to trade such odd lots on Bursa Securities should do so on the Odd Lot Market, which allows trading of odd lots with a minimum of one (1) Maybank Share.

2.6 Termination

The Proposed Dividend Reinvestment Plan may be modified, suspended (in whole or in part) or terminated at any time by our Board as they deem fit by giving notice in writing to all our Shareholders.

2.7 General

It should be noted that the grant of the right to participate in the Proposed Dividend Reinvestment Plan (i.e. to elect to reinvest the Electable Portion in new Maybank Shares) is made to all our Shareholders, including Directors, substantial shareholders and other interested persons of our Company who hold Maybank Shares, subject to the restrictions referred to in Section 2.3 and the Terms and Conditions of the Proposed Dividend Reinvestment Plan as set out in Appendix I of this Circular.

Our Shareholders' approval for allotment and issuance of such number of new Maybank Shares (as may be required to be issued pursuant to the election by our Shareholders under the Proposed Dividend Reinvestment Plan) may be obtained specifically for the Proposed Dividend Reinvestment Plan, at the AGM of our Company. Nonetheless, the first shareholders' approval for issuance of shares pursuant to the Proposed Dividend Reinvestment Plan will be sought at the forthcoming EGM. Subsequently, approval for future issuances of new Maybank Shares for the Proposed Dividend Reinvestment Plan will be sought at the AGM of Maybank on an annual basis.

For avoidance of doubt, the Shareholders' specific approval to be obtained for the issuance of new Maybank Shares arising from the Proposed Dividend Reinvestment Plan is in addition to the general mandate (Shareholders' approval under Section 132D of the Act for general purpose, where the new Maybank Shares or convertible securities to be issued during the preceding twelve (12) months shall not exceed 10% of the nominal value of the issued and paid-up capital of the Company) sought at the AGM of Maybank on an annual basis.

The proceeds from the Proposed Dividend Reinvestment Plan cannot be ascertained and therefore the time frame for full utilisation of such proceeds cannot be determined. Notwithstanding that, the net proceeds from the Proposed Dividend Reinvestment Plan (after deducting estimated expenses for the Proposed Dividend Reinvestment Plan) will be utilised to fund the continuing growth and expansion of the Maybank Group.

Your shareholdings in our Company will be diluted should you choose to receive the Electable Portion in cash, and the extent of such dilution will depend on the extent of how the other Shareholders elect to reinvest the Electable Portion in new Maybank Shares.

The declaration of Dividend, the Electable Portion and the number of new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan will be dictated by the actual financial results of our Group. The Electable Portion will be determined by our Board in its sole and absolute discretion from time to time.

Amendments to the Memorandum and Articles of Association of our Company are not required under the Proposed Dividend Reinvestment Plan as the aforesaid Memorandum and Articles as well as the Act do not prohibit the implementation of any dividend reinvestment plan.

3. RATIONALE

The Proposed Dividend Reinvestment Plan is part of our Company's efforts to enhance and maximise our Shareholders' value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount of not more than ten per cent (10%) to the five (5)-day VWAMP of Maybank Shares immediately prior to the Price Fixing Date. The Proposed Dividend Reinvestment Plan will provide our Shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in our Company through subscription of additional Maybank Shares without having to incur material transaction or other related costs.

Our Company will also benefit from the participation by our Shareholders in the Proposed Dividend Reinvestment Plan to the extent that if our Shareholders elect to reinvest the Electable Portion in new Maybank Shares, the cash which would otherwise be payable by way of Dividend will be reinvested to fund the continuing growth and expansion of our Group. The reinvestment of cash and the issue of Maybank Shares under the Proposed Dividend Reinvestment Plan will not only enlarge our Company's share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Securities.

4. EFFECTS OF THE PROPOSED DIVIDEND REINVESTMENT PLAN

4.1 Share capital and substantial shareholders' shareholdings

The issued and paid-up share capital of our Company will increase and such increase will depend on our Board's decision on the Electable Portion and the extent our Shareholders elect to reinvest the Electable Portion in new Maybank Shares.

The Maybank Shares held by the substantial shareholders in Maybank will increase and such increase will depend on the substantial shareholders' decision to reinvest the Electable Portion in new Maybank Shares.

4.2 Net assets

The net assets will increase immediately after the Proposed Dividend Reinvestment and such increase will depend on the extent our Shareholders elect to reinvest the Electable Portion in new Maybank Shares.

4.3 Earnings and EPS

The EPS will be diluted depending on the extent our Shareholders elect to reinvest the Electable Portion in new Maybank Shares. However, such reinvested amount will be utilised to fund the continuing growth and expansion of our Group and is expected to contribute positively to the future earnings of our Group.

4.4 Gearing

Barring unforeseen circumstances, the Proposed Dividend Reinvestment Plan is expected to improve the gearing position of the Company although such impact is not expected to be material.

5. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of Maybank Shares traded on the Main Market of Bursa Securities for the past twelve (12) months are as follows:

	LOW RM	HIGH RM
2009		
April	3.82	4.56
May	4.30	5.40
June	5.15	6.15
July	5.50	6.65
August	6.31	6.86
September	6.36	6.78
October	6.61	7.04
November	6.60	7.08
December	6.71	6.97
2010		
January	6.62	7.00
February	6.70	7.00
March	6.95	7.65

Last transacted market price on 24 March 2010, being the date immediately prior to the announcement of the Proposed Dividend Reinvestment Plan RM7.45

Last transacted market price on LPD RM7.49

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Dividend Reinvestment Plan is conditional upon the following:

- (a) Approval from BNM for the Proposed Dividend Reinvestment Plan, which was obtained vide its letter dated 22 February 2010. A separate approval from BNM will be sought subsequently for the declaration of Dividend and the increase in issued and paid-up share capital of Maybank arising from the Proposed Dividend Reinvestment Plan respectively;
- (b) Approval from Bursa Securities for the listing of and quotation for the new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan on the Official List of Bursa Securities;
- (c) Approvals from the Shareholders for the Proposed Dividend Reinvestment Plan and the issuance of new Maybank Shares arising from the Proposed Dividend Reinvestment Plan; and
- (d) Approval from any other relevant authorities, if required.

7. ESTIMATED TIMEFRAME FOR THE IMPLEMENTATION OF THE PROPOSED DIVIDEND REINVESTMENT PLAN

Barring unforeseen circumstances and subject to the approvals set out in Section 6 above, the Proposed Dividend Reinvestment Plan is expected to be put in place by the second (2nd) quarter of calendar year 2010.

The tentative timeline for the implementation of the Proposed Dividend Reinvestment Plan for any of the Dividend declaration is set out as below:

Events	Indicative timeline
Declaration of final Dividend to which the Proposed Dividend Reinvestment Plan applies ⁽¹⁾⁽²⁾	T - 48 calendar days
Issuance of annual report ⁽¹⁾	T - 30 calendar days
Annual general meeting ⁽¹⁾ ; or Declaration of interim Dividend to which the Proposed Dividend Reinvestment Plan applies ⁽²⁾	T - 9 calendar days
Submission of additional listing application ("ALA") to Bursa Securities for its approval. Assuming Bursa Securities takes 7 days to approve the ALA ⁽³⁾	T - 7 calendar days
Announcement of Price Fixing and Books Closure Date ⁽³⁾	T
Submission of modified prospectus to the SC, if required ⁽³⁾	T + 3 market days
Books Closure Date ⁽³⁾	T + 10 market days
Despatch of information memorandum/ modified prospectus (as the case may be) and Notice of Election ⁽³⁾	T + 12 market days
Expiry Date ⁽³⁾	T + 21 market days
Transfer of net Dividend to escrow account ⁽³⁾	T + 26 market days

Events	Indicative timeline
Issuance and allotment of new Maybank Shares as well as payment of cash dividend to Shareholders ⁽³⁾	T + 29 market days
Listing of new Maybank Shares ⁽³⁾	T + 30 market days

Notes:

- (1) *Related to declaration of final Dividend where Shareholders' approval on the final Dividend is required.*
- (2) *As Shareholders' approval on the interim Dividend is not required, the indicative timeline for our Board to declare such interim Dividend to which the Proposed Dividend Reinvestment Plan applies, may fall on T – 9 calendar days.*
- (3) *Common processes which apply to declaration of both interim and final Dividend to which the Proposed Dividend Reinvestment Plan applies.*

8. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the following, our Board has confirmed that, as at the LPD, our Company does not have any outstanding corporate exercises / schemes which have been announced but are pending completion:

(a) Family Takaful business joint venture in Pakistan

On 23 June 2008, our Company received an approval from BNM to establish or acquire a subsidiary to be used as a Special Purpose Vehicle (“SPV”) for the purpose of acquiring 30% of the issued and paid-up capital of Pak-Kuwait Family Takaful Company Limited (“PKFTCL”). Through the acquisition, our Company intends to venture into the family takaful business in Pakistan. PKFTCL is a newly incorporated company owned by Pak-Kuwait Investment Company and it is in the process of applying for license from the authorities in Pakistan to operate the family takaful business. The issued and paid-up capital of PKFTCL is Pakistan Rupees 500 million. On 8 July 2008, our Company announced that it had acquired Etiqa International Holdings Sdn Bhd (*formerly known as Pelangi Amanmaz Sdn Bhd*) (“**Etiqa International**”) as a subsidiary to be used as the SPV for the joint venture. There have been no material developments in the joint venture. Both parties are currently finalising the business plan for the joint venture company.

(b) Proposed issuance of, offer for subscription or purchase of, or invitation to subscribe for, or purchase of Innovative Tier 1 Capital Securities (“IT1CS”) programme of up to RM4.0 billion and/or its foreign currency equivalent in nominal value by Maybank (“IT1CS Programme”)

The IT1CS has been structured to comply with BNM Guidelines on Innovative Tier 1 capital instruments. Our Company has obtained approvals from BNM and the SC vide their letters dated 28 May 2008 and 4 June 2008 respectively to issue the IT1CS Programme. The IT1CS is issued in the form of capital securities via an IT1CS Programme. The IT1CS Programme would have a sixty-five (65) year tenure from the date of the first issuance. Our Company shall have the option to redeem, in whole and not in part, any IT1CS issued on the first optional redemption date of each IT1CS issued, which is a date falling no less than ten (10) years or no more than fifteen (15) years from the respective IT1CS date of first issuance, and every interest payment date thereafter, subject to prior approval of BNM.

The proceeds from the IT1CS Programme shall be used for Maybank's working capital, general banking and other corporate purposes. The following IT1CS have been issued under the IT1CS Programme:

(i) SGD600 million IT1CS

On 11 August 2008, our Company issued SGD600 million IT1CS. The SGD-denominated IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the sixtieth (60th) year from the date of issuance. Our Company, however, has the option to redeem the IT1CS on the tenth (10th) anniversary of the issue date and on any interest payment date thereafter. On the tenth (10th) anniversary of the issue date, there will be a step-up in the interest rate.

(ii) RM1.1 billion IT1CS

On 25 September 2008, our Company issued RM1.10 billion of IT1CS, which forms part of the overall IT1CS Programme. The RM-denominated IT1CS matures on 25 September 2068, and is callable on 25 September 2018 and on every interest payment date thereafter.

There is no new issuance under the IT1CS Programme other than the two (2) issuances disclosed above.

(c) Proposed transfer by Maybank of 165,321,478 ordinary shares of RM1.00 each in Mayban Fortis Holdings Berhad ("Mayban Fortis Shares") to Etiqa International for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank ("Proposed Transfer")

On 5 April 2010, Maybank announced that it had 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 Holdings Berhad to Etiqa International for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank. 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. The stamp duty payable on the Proposed Transfer has been waived pursuant to approval of an application under Section 15A of the Stamp Duty Act, 1949, received on 16 April 2010.

The Proposed Dividend Reinvestment Plan is not conditional upon the aforesaid corporate proposals and any other corporate exercises.

9. CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

As at the LPD, save for the contingent liabilities that may arise pursuant to the material litigations as disclosed in Section 4 in Appendix II of this Circular, there are no other material contingent liabilities which may become enforceable, which, in the opinion of our Board, would have a material impact on the profit and the net assets of our Group.

As at LPD, there are no material commitments for capital expenditures which may become enforceable, which, in the opinion of our Board, would have a material impact on the profit and net assets of our Group.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of our Directors and major shareholders as well as persons connected to them have any interest, either direct or indirect, in the Proposed Dividend Reinvestment Plan beyond their respective entitlements under the Proposed Dividend Reinvestment Plan, for which all our Shareholders are entitled to.

11. DIRECTORS' RECOMMENDATION

Our Board, after having considered the rationale for the Proposed Dividend Reinvestment Plan, is of the opinion that the Proposed Dividend Reinvestment Plan is in the best interest of our Company. Accordingly, our Board recommends that you vote in favour of the resolution relating to the Proposed Dividend Reinvestment Plan to be tabled at the forthcoming EGM.

12. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 14 May 2010 at 9.30 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Dividend Reinvestment Plan.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible, so as to arrive at the office of our appointed share registrar for this EGM, Tricor Investor Services Sdn Bhd (*formerly known as Tenaga Korperat Sdn Bhd*) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time set for the convening of the forthcoming EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

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

Dato' Sri Abdul Wahid bin Omar
President and Chief Executive Officer

DIVIDEND REINVESTMENT PLAN STATEMENT

**MALAYAN BANKING BERHAD***(Company No. 3813-K)**(Incorporated in Malaysia under the Companies Ordinances, 1940 – 1946)***Dividend Reinvestment Plan Statement**

This Dividend Reinvestment Plan Statement (the “**Statement**”) contains the terms and conditions (the “**Terms and Conditions**”) of the Dividend Reinvestment Plan of Malayan Banking Berhad (the “**Dividend Reinvestment Plan**”) under which persons registered in the Register of Members of Malayan Banking Berhad (“**Maybank**” or the “**Company**”), or, as the case maybe, the Record of Depositors as the holders of fully paid-up Maybank Shares (as defined below) in the Company (the “**Shareholders**”) may:

- (i) elect to receive the Electable Portion (as defined below) in cash; or
- (ii) elect to reinvest the entire Electable Portion (as defined below) in new fully paid-up ordinary shares of RM1.00 each in Maybank (“**Maybank Shares**”) at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals for the Dividend Reinvestment Plan (“**Price Fixing Date**”); and
- (iii) where applicable, receive the Remaining Portion (as defined below) in cash,

after the deduction of any applicable income tax.

SUMMARY OF MAIN FEATURES OF THE DIVIDEND REINVESTMENT PLAN

Whenever a cash dividend (either an interim or final dividend and/or special or other dividend) (“**Dividend**”) is announced, the Board of Directors of Maybank (the “**Board**” or “**Directors**”) may, in its absolute discretion, determine that the Dividend Reinvestment Plan applies to the whole or a portion of the cash Dividend (“**Electable Portion**”) and where applicable any remaining portion of the Dividend will be paid in cash (“**Remaining Portion**”).

Unless the Board has determined that the Dividend Reinvestment Plan will apply to a particular Dividend, the Dividend concerned will be paid in cash to the Shareholders in the usual manner.

For the purpose of calculating the number of new Maybank Shares to be issued pursuant to the Dividend Reinvestment Plan, the issue price of such new Maybank Shares shall not be more than 10% discount to the five (5)-day volume weighted average market price (“**VWAMP**”) of Maybank Shares immediately prior to the Price Fixing Date. An announcement on the Books Closure Date (as defined below) will be made thereafter.

The Dividend Reinvestment Plan provides Shareholders with the options in respect of the Electable Portion to either elect to receive the Electable Portion in cash or to elect to reinvest the entire Electable Portion in new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of the relevant regulatory approvals for the Dividend Reinvestment Plan. Under the present law in Malaysia, there is no brokerage, stamp duty or other material transaction costs payable on new Maybank Shares allotted and issued under the Dividend Reinvestment Plan.

All Shareholders are eligible to participate in the Dividend Reinvestment Plan subject to the restrictions on Overseas Shareholders (as defined below), more particularly described below, and such other Shareholders or class of Shareholders as the Board may in their absolute discretion decide.

Shareholders receiving more than one (1) Notice of Election (as defined below) may elect to participate in respect of their holding of Maybank Shares to which one (1) Notice of Election (as defined below) relates and elect not to participate in respect of their holding of Maybank Shares to which any other Notice of Election (as defined below) relates thereof.

The new Maybank Shares to be issued pursuant to the Dividend Reinvestment Plan will rank *pari passu* in all respects with the existing Maybank Shares, except that the holders of new Maybank Shares shall not be entitled to any Dividends, rights, allotments and/or other distributions which may be declared, made or paid preceding the date of allotment of the new Maybank Shares.

Shareholders participating in the Dividend Reinvestment Plan will receive notification letters setting out, *inter alia*, the number of new Maybank Shares allotted to them under the Dividend Reinvestment Plan.

HOW TO PARTICIPATE

Participation in the Dividend Reinvestment Plan is optional and not transferable. A Shareholder wishing to reinvest in new Maybank Shares in respect of any Electable Portion to which a notice of election (in such form as the Directors may approve) (the “**Notice of Election**”) received by him relates should complete the Notice of Election and return it to the office of our share registrar at such address as may be announced by the Company from time to time.

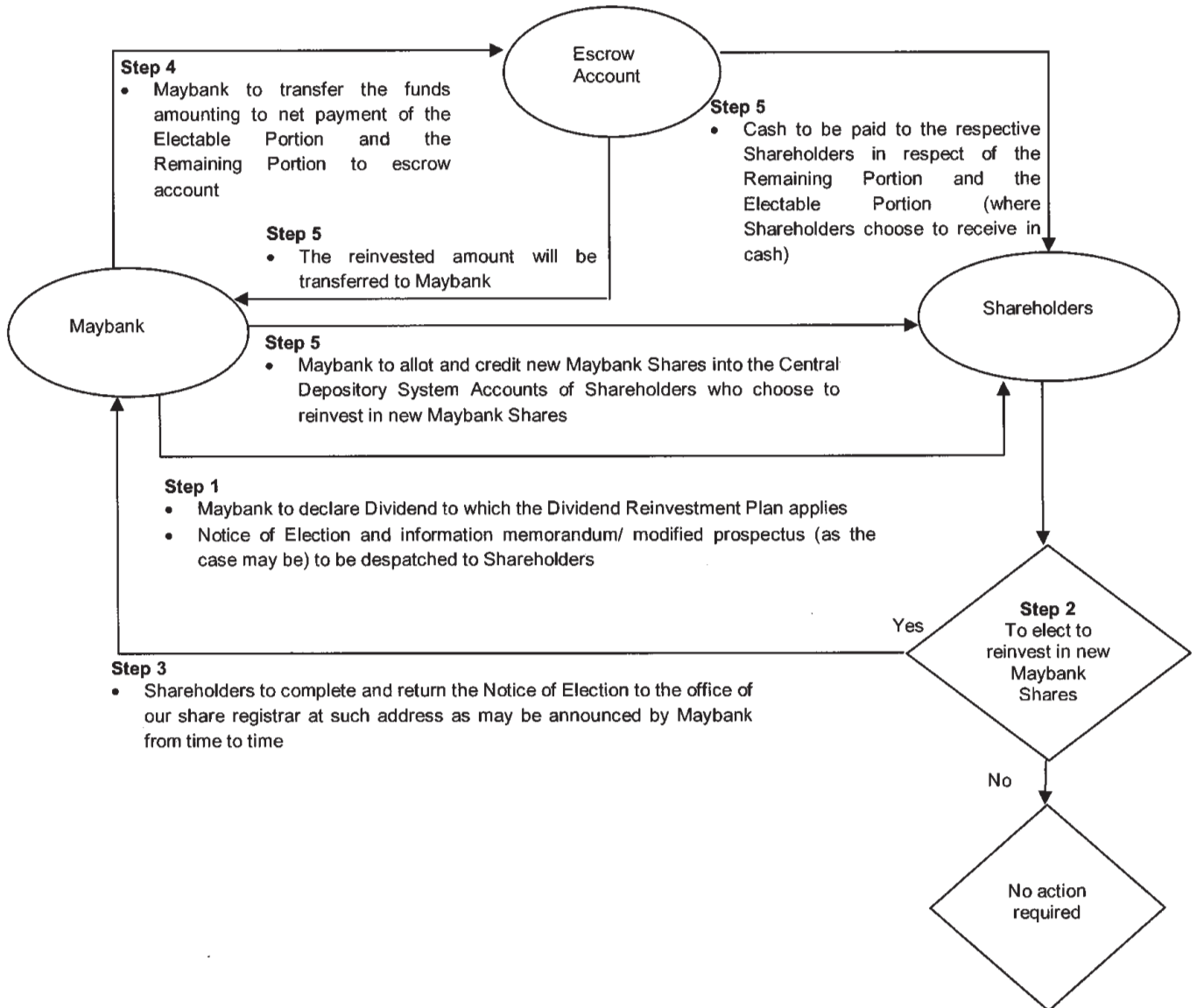
A Shareholder receiving more than one (1) Notice of Election and wishing to reinvest in new Maybank Shares in respect of all of his entitlement to the Electable Portion in respect of all of his holding of Maybank Shares must complete all Notices of Election received by him and return the completed Notices of Election to the office of our share registrar at such address as may be announced by the Company from time to time.

To be effective in respect of any Electable Portion to which a Notice of Election relates, such duly completed and signed Notice of Election must be received by the Company no later than the date to be specified by the Board in respect of that Electable Portion.

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THE PROCESS FLOW CHART

The process flow chart in relation to any Dividend to which the Dividend Reinvestment Plan applies and the Dividend Reinvestment Plan is shown below:



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TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT PLAN

1. Establishment

The Dividend Reinvestment Plan has been established by the Directors.

2. Terms and Conditions

In these Terms and Conditions:

“**Articles**” shall mean the Articles of Association of the Company, as amended, supplemented and/ or modified from time to time;

“**Books Closure Date**” shall mean books closure date in relation to a Dividend to which the Dividend Reinvestment Plan applies;

“**Bursa Securities**” shall mean Bursa Malaysia Securities Berhad;

“**Dividend**” shall mean any cash dividend (including any interim or final and/or special or other dividend) declared by Maybank;

“**Electable Portion**” shall mean the whole or a portion of the Dividend to which the Board in its absolute discretion, determines that the Dividend Reinvestment Plan applies;

“**Expiry Date**” shall mean the last day (which will be a date to be fixed and announced by the Directors) for shareholders of Maybank to make an election in relation to the Electable Portion;

“**Market Day**” shall mean any day between Monday to Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for trading of securities;

“**Maybank Shares**” shall mean ordinary shares of RM1.00 each in Maybank;

“**Overseas Shareholders**” shall mean Shareholders who have not provided an address in Malaysia for the service of this document;

“**Remaining Portion**” shall mean the remaining portion of the Dividend after the deduction of Electable Portion, where applicable;

“**RM**”, Ringgit Malaysia being the lawful currency of Malaysia;

“**Take-over Code**” shall mean the Malaysian Code on Take-overs and Mergers, 1998 as amended from time to time and any re-enactment thereof; and

“**%**” or “**per cent**” shall mean percentage or per centum.

3. Eligibility

All Shareholders are eligible to participate in the Dividend Reinvestment Plan, subject to the restrictions on Shareholders with registered addresses outside Malaysia as at the Books Closure Date for the Dividend to which the Dividend Reinvestment Plan applies, and further subject to the requirement that such participation by the Shareholder will not result in a breach of any other restriction on such Shareholder's holding of Maybank Shares which may be imposed by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be, or prescribed in the Memorandum or the Articles of Association of the Company.

4. Shareholders' residence outside Malaysia

For practical reasons and to avoid any violation of the securities laws applicable outside Malaysia where Shareholders may have their registered addresses, the Dividend Reinvestment Plan will not be offered for subscription in any country other than Malaysia. No Overseas Shareholder shall have any claim whatsoever against the Company as a result of the Dividend Reinvestment Plan not being offered to such Overseas Shareholders. Overseas Shareholders who receive or come to have in their possession this Statement and/or a Notice of Election may not treat the same as being applicable to them and are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Dividend Reinvestment Plan as may be applicable to them.

Accordingly, the documents relating to the Dividend Reinvestment Plan including an information memorandum/ modified prospectus (as the case may be) will not be sent to the Shareholders who do not have an address in Malaysia. Such Shareholders who wish to change their addresses for service of documents in Malaysia should inform their respective stockbrokers to effect the change of address. Such notification should be done prior to the Books Closure Date for the Dividend to which the Dividend Reinvestment Plan applies.

Alternatively, such Shareholders may collect the information memorandum/ modified prospectus (as the case may be) from the registrars of the Company, in which event, the registrars may be entitled to satisfy themselves as to the identity and authority of the person collecting the information memorandum/ modified prospectus (as the case may be).

The Shareholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and a participation by the Shareholders in the Dividend Reinvestment Plan will be on the basis that he may lawfully so participate without the Company and/or its advisers and Directors and employees being in breach of the laws of any jurisdiction.

5. Level of participation

A Shareholder may elect to participate in the Dividend Reinvestment Plan (the "**Participating Shareholder**") to the extent determined by the Directors at their discretion in respect of his holding of Maybank Shares as at each Books Closure Date to which each Notice of Election (as hereafter defined) received by him relates to such Electable Portion (the "**Participating Shares**").

6. Notice of election to participate

The Company will, at its discretion, send to each Shareholder one (1) or more notices of election (in such form as the Directors may approve) (the “**Notice of Election**”). To be effective in respect of any Electable Portion, a Notice of Election must be received by the Company, no later than the date to be specified by the Directors in respect of that Electable Portion. A Shareholder receiving two (2) or more Notices of Election may elect to reinvest in new Maybank Shares in respect of his entitlement to which one (1) Notice of Election relates and decline to reinvest in new Maybank Shares in respect of his entitlement to which any other Notice of Election relates. A Shareholder receiving two (2) or more Notices of Election and wishing to reinvest in new Maybank Shares in respect of all of his entitlement to the Electable Portion in respect of all his holding of Maybank Shares must complete all the Notices of Election received by him and return the completed Notices of Election to the office of our share registrar at such address as may be announced by the Company from time to time, no later than the date specified in the Notice of Election. A Notice of Election to participate in the Dividend Reinvestment Plan in any other form will not be accepted by the Company.

A Notice of Election in respect of any Electable Portion shall not, upon its receipt by the Company be withdrawn or cancelled.

The Company is under no obligation to correct invalid Notices of Election on behalf of any Shareholder or to provide any reason for rejecting any Notice of Election.

By electing to participate in the Dividend Reinvestment Plan, the Participating Shareholder unconditionally:

- (a) warrants to the Company that it has the legal right and full power and authority to participate in the Dividend Reinvestment Plan and that its participation in the Dividend Reinvestment Plan will not result in a breach of any law or regulation by which it is bound;
- (b) acknowledges that the Company may at any time determine that the Participating Shareholder’s Notice of Election or other form (“**Form**”) is valid, even if the relevant Form is incomplete, contains errors or is otherwise defective;
- (c) acknowledges that the Company may reject any Form;
- (d) acknowledges that the Company has not provided the Participating Shareholder with investment advice or any other advice;
- (e) agrees to these Terms and Conditions and agrees not to do any act or thing which would be contrary to the intention or purpose of the Dividend Reinvestment Plan; and
- (f) submits to the jurisdiction of the Malaysia Courts, in each case, at all times until termination of the Dividend Reinvestment Plan.

7. Extent of application of Dividend Reinvestment Plan to each Electable Portion

The Directors may determine, in their absolute discretion, in respect of any Dividend, whether the Dividend Reinvestment Plan shall apply to the whole or a portion of the Dividend. If, in their absolute discretion, the Directors have not determined that the Dividend Reinvestment Plan is to apply to a particular Dividend, such Dividend shall be paid in cash to Shareholders in the usual manner notwithstanding their elections under the Dividend Reinvestment Plan.

8. Share entitlement

By electing to participate in the Dividend Reinvestment Plan in respect of any Notice of Election received by him, a Shareholder elects in respect of any Electable Portion (after the deduction of any applicable income tax) to which such Notice of Election relates to reinvest the Electable Portion in new Maybank Shares.

In respect of any Electable Portion, the number of new Maybank Shares to be allotted and issued to the Participating Shareholder electing to reinvest in new Maybank Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:

$$N = \frac{S \times D}{V}$$

Where:

- N = is the number of new Maybank Shares to be allotted and issued as fully paid-up to the Participating Shareholder in respect of such Notice of Election.
- S = is the number of Participating Shares held by the Participating Shareholder as at the Books Closure Date for which Notice of Election relates.
- D = is the Electable Portion (after deduction of applicable income tax) to which such Notice of Election relates.
- V = is the issue price of a new Maybank Share, which shall for the purpose of calculating the number of new Maybank Shares to be allotted and issued as fully paid-up to Participating Shareholder, pursuant to the Dividend Reinvestment Plan, be an amount in RM determined by the Directors (the “**Relevant Amount**”), which the Relevant Amount shall not be more than ten per cent (10%) discount to the five (5)-day VWAMP of Maybank Shares immediately prior to the price fixing date subsequent to the receipt of all relevant regulatory approvals.

The fractional entitlement will be paid in cash to the Shareholders in the usual manner.

9. Terms of allotment

Unless the Directors otherwise determine, all new Maybank Shares allotted under the Dividend Reinvestment Plan will be allotted as fully paid-up. All such new Maybank Shares shall upon allotment and issuance, rank *pari passu* in all respects with the existing Maybank Shares, except that the holders of new Maybank Shares shall not be entitled to any Dividends, rights, allotments and/or other distributions which may be declared, made or paid preceding the date of allotment of the new Maybank Shares.

As the new Maybank Shares to be issued pursuant to the Dividend Reinvestment Plan are prescribed securities, the new Maybank Shares will be credited directly into the respective Central Depository System Accounts of Shareholders. No physical share certificates will be issued.

10. Notification letters to participants

After the Books Closure Date, Maybank shall transfer funds amounting to the total net payment of the Electable Portion and the Remaining Portion (after the deduction of any applicable income tax) from its account to an escrow account held in trust for Shareholders. Maybank will within eight (8) market days from the Expiry Date or such date as may be prescribed by Bursa Securities, allot and issue the new Maybank Shares and despatch notices of allotment to the Shareholders (who elect to participate in the Dividend Reinvestment Plan) (“**Allotment Date**”) by ordinary post at Shareholders’ own risk to the addresses shown in Bursa Depository’s record. An announcement will also be made on the listing of and quotation for the new Maybank Shares to be issued pursuant to the Dividend Reinvestment Plan on the Official List of Bursa Securities. Concurrently on the Allotment Date, the Remaining Portion and the Electable Portion (where the Shareholders choose to receive in cash) will be paid to the respective Shareholders in the usual manner and the tax voucher for such Dividend will be despatched to the Shareholders who are entitled to such Dividend.

11. Cost to the participants

Under the present law in Malaysia, brokerage or other material transaction costs and stamp duty will not be payable by Participating Shareholders on new Maybank Shares allotted under the Dividend Reinvestment Plan.

12. Cancellation of application of the Dividend Reinvestments Plan

Notwithstanding any provisions of the Dividend Reinvestment Plan, if at any time after the Directors have determined that the Dividend Reinvestment Plan shall apply to any Dividend and before the allotment and issuance of new Maybank Shares in respect of the Electable Portion, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Dividend Reinvestment Plan in respect of the Electable Portion, the Directors may, in their absolute discretion and as they deem fit and in the interest of the Company and without assigning any reason thereof, cancel the application of the Dividend Reinvestment Plan to the Electable Portion. In such event, the Electable Portion shall be paid in cash to Shareholders in the usual manner.

13. Modification, suspension and termination of the Dividend Reinvestment Plan

The Dividend Reinvestment Plan may be modified, suspended (in whole or in part) or terminated at any time by the Directors as they deem fit.

In the case of a suspension, the Dividend Reinvestment Plan will be suspended (in whole or in part (as the case may be) until such time as the Directors resolve to recommence or terminate the Dividend Reinvestment Plan. If the Dividend Reinvestment Plan is recommended, Participating Shareholders’ Notice of Election as their participation under the previously suspended Dividend Reinvestment Plan will be valid and have full force and effect in accordance with these Terms and Conditions for the purposes of the Dividend Reinvestment Plan (including any directions as to Shareholders recommencing to participate in the Dividend Reinvestment Plan) will be notified to all Shareholders.

14. General administration of the Dividend Reinvestment Plan

Any Maybank Shares which a Participating Shareholder has nominated as participating in the Dividend Reinvestment Plan which are subject to a lien in favour of the Company, they shall, unless:

- (a) otherwise provided in the terms and conditions of issue thereof; or
- (b) the Directors otherwise determine,

be treated as if the relevant Participating Shareholder had, in relation to such Maybank Shares, not elected to so participate.

The Directors may implement the Dividend Reinvestment Plan in the manner they deem fit. The Directors have the power to:

- (a) determine procedures, rules and regulations for administration of the Dividend Reinvestment Plan consistent with these Terms and Conditions;
- (b) settle in such manner as they think fit any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the Dividend Reinvestment Plan) which may arise in connection with the Dividend Reinvestment Plan, whether generally or in relation to any Participating Shareholder or any Maybank Share and the determination of the Directors will be conclusive and binding on all Shareholders and other persons to whom the determination relates;
- (c) delegate to any one or more persons, for such period and on such conditions as the Directors may determine, the exercise of any of their powers or discretion under or in respect of the Dividend Reinvestment Plan and references to a decision, opinion or determination of the Directors include a reference to the decision, opinion or determination of the person or persons to whom the Directors have delegated their authority for the purposes of administering the Dividend Reinvestment Plan; and
- (d) waive strict compliance by the Company or any Shareholder with any of these Terms and Conditions.

15. Takeover implications

The attention of Shareholders is drawn to Section 6(1) of Part II of the Take-over Code and Section 216 of the CMSA. In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the Company if:

- (a) he subscribes, by participating in the Dividend Reinvestment Plan in relation to any Electable Portion, whether at one time or different times, Maybank Shares which (taken together with Maybank Shares held or acquired by him or that he is entitled to exercise or control the exercise of, or of persons acting in concert with him) of more than thirty-three per cent (33%) of the voting shares, or such other amount as may be prescribed in the Take-Over Code in a company, howsoever effected; or
- (b) he, together with persons acting in concert with him holds more than thirty-three per cent (33%) but less than fifty per cent (50%) of the voting shares of the Company and he and/or any person acting in concert with him, acquires in any period of six (6) months additional Maybank Shares carrying more than two per cent (2%) of the voting shares of the Company including participating in the Dividend Reinvestment Plan in relation to any Electable Portion.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Take-over Code or other relevant legislation or regulations. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any subscription of Maybank Shares through their participation in the Dividend Reinvestment Plan are advised to consult their professional advisers at the earliest opportunity.

16. Governing law

This Statement, the Dividend Reinvestment Plan and the Terms and Conditions thereof shall be governed by, and construed in accordance with, the laws of Malaysia.

17. Notices and statements

Unless otherwise provided in these Terms and conditions, any notices, documents and statements required to be given by the Company to a Participating Shareholder shall be given in accordance with the applicable provisions of the Articles of the Company.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY

This Circular has been seen and approved by our Board 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 and to the best of their knowledge and belief, there are no other false or misleading statement or other facts the omission of which, would make any statement in this Circular misleading.

2. CONSENTS

Maybank IB, being the adviser to our Company for the implementation of the Proposed Dividend Reinvestment Plan based on the terms and conditions set by us, 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 Kadir, Andri & Partners, being the legal counsel to our Company for the Proposed Dividend Reinvestment Plan, have given and have not subsequently withdrawn their written consent to the inclusion in this Circular of their name and all references thereto in the form and context in which they appear in this Circular.

Ernst & Young, being the tax advisers to our Company for the Proposed Dividend Reinvestment Plan, have given and have not subsequently withdrawn their written consent to the inclusion in this Circular of their name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

Maybank IB, which is a wholly-owned subsidiary of Maybank, 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 adviser to Maybank for the implementation of the Proposed Dividend Reinvestment Plan as the Proposed Dividend Reinvestment Plan involves reinvestment of the Electable Portion in new Maybank Shares on a pro-rata basis.

Messrs Kadir, Andri & Partners are our legal counsel for the Proposed Dividend Reinvestment Plan. Sreesanthan Eliathamby is a senior partner at Messrs Kadir, Andri & Partners and is a Director as well as a Shareholder of our Company who holds 50,000 Maybank Shares representing approximately 0.0007% of the total issued and paid-up share capital of Maybank. Messrs Kadir, Andri & Partners believes that Sreesanthan Eliathamby's position does not give rise to any potential conflict of interest in Messrs Kadir, Andri & Partners discharging its role as Maybank's legal counsel for the Proposed Dividend Reinvestment Plan as Sreesanthan Eliathamby is not directly involved in the provision of legal professional advice to our Company in his capacity as a legal counsel, and his entitlement as a Shareholder under the Proposed Dividend Reinvestment Plan would be the same as other Shareholders.

Ernst & Young are not aware of any circumstances, which exist or are likely to exist to give rise to a possible conflict of interest in their capacity as the tax advisers to our Company for the Proposed Dividend Reinvestment Plan.

4. MATERIAL LITIGATION

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

- (a) Kuala Lumpur High Court (“**KLHC**”) Suit No D2-22-665-2005, Shencourt Sdn Bhd (“**Shencourt**”) v Maybank IB

Shencourt has issued a writ of summon against Maybank IB on 12 May 2005 in its capacity as agent bank for the syndicate lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Maybank IB, Affin ACF Finance Berhad, Kewangan Bersatu Berhad (“**KBB**”) and Alliance Bank Berhad (collectively referred to as “**Syndicated Lenders**”). The loan was restructured in 2002 to RM38 million with terms for repayment. In 2006, The Syndicated Lenders filed a suit against the corporate borrower for the recovery of the loan. The two (2) suits were then ordered by the Court to be heard together.

Out of the estimated claim of RM450.0 million, Maybank’s exposure is RM189.0 million (inclusive of the assets and liabilities of KBB and Maybank IB which had been vested to Maybank in respect of this account pursuant to a vesting order dated 28 September 2006 and 21 May 2007, respectively).

On 6 May 2009, judgement was obtained against Maybank IB as agent for the Syndicated Lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation. The balance of the judgement claim (including for general damages) against Maybank IB as agent for the Syndicated Lenders was ordered to be assessed by the Senior Assistant Registrar, at a later date. At this juncture, Maybank as one of the Syndicated Lenders has an exposure of RM48 million out of the RM115.5 million judgement sum. Maybank IB has filed a notice of appeal and an application for stay of execution of the judgement sum. Maybank IB had on 24 June 2009 obtained a stay order pending its appeal. Shencourt had on 24 June 2009 filed an appeal against the decision on the stay order (“**Appeal**”). The Appeal was heard on 23 November 2009 and the KLHC had dismissed the Appeal against the stay order. Further case management is fixed on 3 June 2010 at the Court of Appeal for Maybank IB’s appeal against the judgement obtained on 6 May 2009 at the High Court.

The solicitors of Maybank IB are of the view that it has a more than even chance of succeeding in its appeal against the said judgement.

- (b) KLHC Suit No. S3-22-1331-2004, Etiqa Takaful Berhad (“**ETB**”) v Continental Nominees Sdn Bhd, Tee Kok Tong, Tan Kang Wye and Phun Seng Cheng (collectively referred to as “**Defendants**”)

On 3 September 2004, ETB, a subsidiary of Maybank, commenced a civil suit against Continental Nominees Sdn Bhd. (“**1st Defendant**”) and Tee Kok Tong, Tan Kang Wye and Phun Seng Cheng as the guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant’s failure to pay monthly instalments.

The 1st Defendant's counter-claimed for loss and damage amounting to approximately RM284 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. ETB has filed its defence to the counter-claim and application to strike out the counter-claim as well.

On 14 May 2009, KLHC allowed ETB's application for summary judgement ("**Summary Judgement**"), but directed that a rebate be given if there is early settlement. KLHC has also dismissed the 1st Defendant's counter claim against ETB with costs. The Defendants have filed two separate applications to KLHC for stay of execution of the summary judgement. Both applications for stay of execution was dismissed by KLHC.

The Defendants then filed:

- (i) Notice of Motion to the Court of Appeal for stay of execution for the Summary Judgement; and
- (ii) Notice of Motion to appeal against the Summary Judgement.

During the hearing of the Notice of Motion for stay of execution on 28 October 2009, the Court of Appeal dismissed the Notice of Motion with costs. As for the Notice of Motion to appeal against the Summary Judgement, the matter was fixed for hearing on 4 March 2010. On 4 March 2010, the Court of Appeal allowed the Defendants' appeals thereby setting aside KLHC's decision on the 14 May 2009 and overturning KLHC's decision of striking out the Defendant's counterclaim. The Court of Appeal directed that the matter be set for an early trial.

ETB's solicitors are of the view that it has a good chance of succeeding in the action.

- (c) KLHC Suit No. D5(D6)-22-1810-2005, Malaysia Discounts Berhad, Bumiputra-Commerce Bank Berhad ("**2nd Plaintiff**"), Abrar Discount Berhad, Bank Muamalat Malaysia Berhad, Commerce Life Assurance Berhad, Malaysia Assurance Alliance Berhad, Southern Investment Bank Berhad, BHLB Trustee Berhad (collectively referred to as "**Plaintiffs**") v Pesaka Astana (M) Sdn Bhd ("**1st Defendant**"), Mayban Trustee Berhad ("**MTB**"), KAF Discounts Bhd, Dato Mohamad Rafie Bin Sain, Datin Murnina Bt Dato Haji Sujak, Amdac Automotive (M) Sdn Bhd, Amdac Holdings Sdn Bhd, Amdac Capital Sdn Bhd, Amdac Technologies Sdn Bhd, Amdac Resources Sdn Bhd, Amdac Engine Sdn Bhd and Amdac Daesung Sdn Bhd (collectively referred to as "**Defendants**").

In 2005, the Defendants were served with a writ of summons (MTB was served on 19 December 2005) by the Plaintiffs for an amount of approximately RM149.315 million, MTB was alleged to have acted in breach of trust and negligently in its capacity as trustee for the bonds issued by the 1st Defendant. MTB does not admit any liability to the claim and has defended the suit. The solicitors of MTB are unable to determine the maximum exposure of the liability.

MTB is counterclaiming against and also claiming indemnity, contribution or other relief from the 2nd Plaintiff and the other Defendants as well as a legal firm.

On 7 July 2008, the Plaintiffs entered judgment by consent against the 1st Defendant, Dato Mohamad Rafie Bin Sain, Amdac Automotive (M) Sdn Bhd, Amdac Holdings Sdn Bhd, Amdac Capital Sdn Bhd, Amdac Technologies Sdn Bhd, Amdac Resources Sdn Bhd, Amdac Engine Sdn Bhd and Amdac Daesung Sdn Bhd for the sum of RM149,315,000.00 as well as withdrew the claim against Datin Murnina Bt Dato Haji Sujak. The entering of the said judgment by consent is not in any way an implication of liability on the part of MTB and MTB has defended the suit.

The 1st Defendant had on 4 August 2008 served a counter-claim on MTB for approximately RM535 million being loss of profit, expenses and damages stated to have been incurred by it which allegedly arises as a result of MTB unlawfully declaring an Event of Default (“**EOD**”) on the bonds (“**Counterclaim**”). The 1st Defendant had on 25 August 2009 withdrawn the Counterclaim against MTB.

The trial for the suit had concluded in November 2009 and the KLHC has reserved judgement to a date to be notified by KLHC.

The contingent liability is covered by an existing Banker Blanket Bond Policy between Maybank and a subsidiary, Etiqa Insurance Berhad which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three (3) other re-insurers.

No provision is made in the Maybank Group’s financial statements.

- (d) KLHC Suit No. D8-22-828-2007, Sri Datai Engineering Sdn Bhd (“**SDESB**”) and Sri Datai Holdings Sdn Bhd (“**SDHSB**”) v Maybank (“**3rd Defendant**”) and seven (7) other financial institutions (“**Other Financial Institutions**”) (collectively referred to as “**Lenders**”)

SDESB was granted total facilities of RM7.455 million from Maybank and various other facilities from the Other Financial Institutions. SDESB has however initiated a legal suit jointly and severally against the Lenders for breaching the terms of an alleged settlement agreement entered into with the Lenders.

SDESB and its holding company, namely SDHSB, which is also corporate guarantor to the facilities granted by Maybank and some of the other Lenders claimed that the Lenders have breached and varied the alleged settlement agreement and are claiming the following in the above suit against all the Lenders :-

- (1) Special damages i.e. losses suffered from its projects totaling RM121,434,911.28;
- (2) General damages for the loss of reputation and goodwill;
- (3) Exemplary and/or punitive damages;
- (4) Interest at the rate of 8% per annum on all of the claims;
- (5) Costs; and
- (6) All other further or other relief that KLHC deems fit and proper.

In Maybank’s Statement of Defence filed on 16 August 2007, the existence of this settlement agreement is denied.

Based on the documents, materials and other information available, Maybank’s solicitors are of the opinion that SDESB will not be able to establish its case against Maybank at trial and there is a strong likelihood of SDESB’s claim being dismissed.

The case had been fixed on 25 January 2010 for case management to enable parties to comply with KLHC’s direction. On 25 January 2010, KLHC informed the parties that the case is set for mediation before a judge on 18 March 2010. On 18 March 2010, KLHC fixed the next mediation session for 10 May 2010.

5. 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:

- (i) The Memorandum and Articles of Association of Maybank;
- (ii) The audited financial statements of Maybank Group for the past two (2) FYE 30 June 2008 and 30 June 2009 and the latest unaudited results for the quarter ended 31 December 2009;
- (iii) The relevant cause papers in respect of the material litigation referred to in Section 4 above;
- (iv) The letters of consent referred to in Section 2 above; and
- (v) The dividend reinvestment plan statement.

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Maybank

MALAYAN BANKING BERHAD

(Company No. 3813-K)

(Incorporated in Malaysia under the Companies Ordinances, 1940 -1946)

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 Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 14 May 2010 at 9.30 a.m., or at any adjournment thereof, for the purpose of the following resolution:

ORDINARY RESOLUTION

PROPOSED RECURRENT AND OPTIONAL DIVIDEND REINVESTMENT PLAN THAT ALLOWS SHAREHOLDERS OF MAYBANK (“SHAREHOLDERS”) TO REINVEST THEIR DIVIDEND TO WHICH THE DIVIDEND REINVESTMENT PLAN APPLIES, IN NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK (“PROPOSED DIVIDEND REINVESTMENT PLAN”).

“**THAT** subject to the relevant regulatory approvals being obtained, including but not limited to the approval of the Bank Negara Malaysia in relation to the Proposed Dividend Reinvestment Plan, approval be and is hereby given to the Company to:

- (a) implement the Proposed Dividend Reinvestment Plan, and
- (b) allot and issue such number of new ordinary shares of RM1.00 each in Maybank (“**Maybank Shares**”) for the Proposed Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting (“**AGM**”),

upon such terms and conditions and to or with such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company;

THAT the said new Maybank Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing Maybank Shares in issue, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan. For the purpose thereof, entitlement date means the date as at the close of business on which shareholders of the Company must be registered in order to participate in any dividends, rights, allotments or other distributions;

THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Proposed Dividend Reinvestment Plan with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company;

AND THAT no information memorandum/ modified prospectus (as the case may be) pertaining to the Proposed Dividend Reinvestment Plan shall be issued or sent to the shareholders of the Company having registered address outside Malaysia or who have not provided an address in Malaysia at which such documents may be delivered to.”

By Order of the Board
MOHD NAZLAN MOHD GHAZALI
(LS 0008977)
Company Secretary

Kuala Lumpur
Date: 29 April 2010

Notes:

1. *As an information to Shareholders, this is the first authority to allot and issue shares for the Proposed Dividend Reinvestment Plan. A renewal of this authority will be sought at the next AGM.*
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. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *Duly completed Form of Proxy must be deposited at the office of the appointed share registrar for this EGM, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 12 May 2010 at 9.30 a.m..*
5. *For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.*
6. *Only members registered in the Record of Depositors as at 10 May 2010 shall be eligible to attend the EGM or appoint proxy to attend and vote on his/ her behalf.*
7. *If proxy or proxies appointed is/are not a member of Maybank, please ensure that the proof of eligibility of the proxy or proxies is/are enclosed with the Form of Proxy submitted and the original counterpart of such proof of eligibility is/are presented by your proxy or proxies for verification purposes during the registration process.*

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Maybank

MALAYAN BANKING BERHAD

(Company No. 3813-K)

(Incorporated in Malaysia under the Companies Ordinances, 1940 - 1946)

Form Of Proxy

Number of shares held	CDS Account No.												

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

*I/We _____ NRIC No. / Co. No. (new): _____
(Full Name In Block Letters)

(old) _____ of _____
(Full Address)

Telephone No.: _____ being a member / shareholder (s) of **MALAYAN BANKING**

BERHAD hereby appoint(s) _____ NRIC No. (new) _____

(old) _____ of _____ or failing
(Full Address)

*him / her _____ NRIC No. (new) _____
(Full Name In Block Letters)

(old) _____ of _____ or
(Full Address)

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 ("EGM") of the Company to be held at Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara, Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 14 May 2010 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:

	ORDINARY RESOLUTION	FOR	AGAINST
1	PROPOSED DIVIDEND REINVESTMENT PLAN		

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

Dated this _____ day of _____ 2010

Signature/Common Seal

*Delete if not applicable

For appointment of two proxies, percentage of shareholdings to be represented by the proximes :		
	No. of Maybank Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%



Notes:

1. *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.*
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