MALAYAN BANKING BERHAD ("Maybank" or "the Company")

Proposed acquisition by Maybank of up to 20% of the issued and paid-up share capital of MCB Bank Limited ("MCB") for a purchase consideration to be wholly satisfied in cash ("Proposed Acquisition")

1. INTRODUCTION

On behalf of the Board of Directors of Maybank ("Board"), Aseambankers Malaysia Berhad ("Aseambankers") is pleased to announce that the Company had on 3 May 2008 entered into five (5) separate Share Purchase Agreements ("SPAs") with each of the respective party(ies):

(i) Mian Umer Mansha, Mian Hasan Mansha, Muhammad Saleem (collectively referred to as the "Individual Sellers");
(ii) Muslim Commercial Bank Limited Employees' Pension Fund;
(iii) The Muslim Commercial Bank Limited Provident Fund;
(iv) Nishat Mills Limited Employees Provident Fund Trust; and
(v) Adamjee Insurance Company Limited,

(collectively referred to as the "Vendor(s)" and "Vendor" shall, where the context permits, mean any one of them)

for the acquisition of 94,241,527 ordinary shares of par value PKR10 each in MCB ("Sale Shares") representing 15% of the issued and paid-up share capital of MCB for a cash price of PKR470 per MCB Share or a total cash consideration of approximately PKR44.29 billion or the equivalent of approximately RM2.17 billion (at the exchange rate of RM1.00 : PKR20.44, as at 2 May 2008).

Upon completion of the SPAs, Maybank will emerge as a major shareholder of MCB.

On the same date, Maybank also entered into the following:

(i) an Agreement for the Right to Sell and Purchase Shares with the Individual Sellers wherein its terms and conditions will cause Maybank to acquire additional ordinary shares of par value PKR10 each in MCB ("MCB Shares") of up to 5% of the issued and paid-up share capital of MCB; and

(ii) a Shareholders' Agreement with certain shareholders of MCB (the "Nishat Group") to reflect the long term relationship and strategic cooperation between Maybank and the Nishat Group.

2. THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by Maybank of the following:

(i) 94,241,527 MCB Shares from the Vendors representing 15% of the issued and paid-up share capital of MCB for a cash price of PKR470 per MCB Share or a total cash consideration of approximately PKR44.29 billion or the equivalent of approximately RM2.17 billion pursuant to the SPAs; and

(ii) additional MCB Shares of up to 5% of the issued and paid-up share capital from the Individual Sellers, which when combined with the Sale Shares, may cause Maybank to hold up to 20% of the issued and paid-up share capital of MCB pursuant to the Agreement for the Right to Sell and Purchase Shares.

It is contemplated that after the completion of the SPAs, Maybank and MCB will also enter into a business cooperation agreement, which will include Islamic banking, retail banking, credit cards and small medium enterprise banking as key partnership areas.

The purchase consideration shall be satisfied entirely by cash and will be financed via internal funds and/or external borrowings.

2.1 Background information on MCB

MCB, incorporated in 1947 in Pakistan, was previously known as Muslim Commercial Bank Limited. MCB is a banking company that is engaged in commercial banking and related services. MCB also offers asset management and insurance services to its customers through its subsidiary and affiliated companies. MCB Shares are traded on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan whereas its Global Depository Receipts are traded on the International Order Book system of the London Stock Exchange.

MCB is the fourth largest bank in Pakistan by assets of approximately PKR412.90 billion or the equivalent of RM20.20 billion. MCB operates 1,026 branches including 8 Islamic banking branches within Pakistan and 6 branches outside the country (including Bahrain, Sri Lanka and the Karachi Export Processing Zone Branch). MCB has one of the largest automated teller machine ("ATM") networks in Pakistan with over 300 ATM locations.

MCB is the only bank in Pakistan that has been awarded 7 Euromoney Awards for the "Best Bank in Pakistan" and is also the recipient of 5 consecutive Asia Money Awards for "Best Domestic Commercial Bank".

Based on the audited financial statements of MCB and its subsidiaries ("MCB Group") for the financial year ended 31 December 2007, the consolidated profit after tax and net assets of MCB Group are approximately PKR16.44 billion and PKR57.55 billion or the equivalent of approximately RM0.80 billion and RM2.82 billion respectively.

Please refer to Appendix I for further information on the MCB Group.

2.2 Details of the vendors and their original cost of investments in MCB

The vendors of the Sale Shares are Mian Umer Mansha, Mian Hasan Mansha, Muhammad Saleem, Muslim Commercial Bank Limited Employees' Pension Fund, The Muslim Commercial Bank Limited Provident Fund, Nishat Mills Limited Employees Provident Fund Trust and Adamjee Insurance Company Limited.

The details of the original cost of investment of the Vendors in MCB are not publicly available.

2.3 Basis of arriving at the purchase consideration

The total purchase consideration for the MCB Shares of approximately PKR44.29 billion or the equivalent of approximately RM2.17 billion was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

(i) the audited net assets of MCB Group for the financial year ended 31 December 2007 of approximately PKR57.55 billion or the equivalent of approximately RM2.82 billion (at the exchange rate of RM1.00 : PKR20.44, as at 2 May 2008);

(ii) the strong historical profitability and earnings potential of the MCB Group; and

(iii) the potential benefits to the Maybank Group.

2.4 Salient terms of the SPAs

The salient terms of the SPAs, include amongst others, the following:

(i) The purchase consideration of the Sale Shares is payable on the completion date by Maybank to the Vendors in accordance with the terms of the SPAs.

(ii) The SPAs are conditional on amongst others, the following:

  (a) the approval by Bank Negara Malaysia ("BNM") for the Proposed Acquisition;

  (b) the State Bank of Pakistan ("SBP") having:

    (i) recommended to the Government of Pakistan the dis-application of Section 14(1)(iv) of the Banking Companies Ordinance, 1962, to MCB, in respect of Maybank's holding voting rights in MCB of up to 20% of the total voting rights of MCB; and

    (ii) confirmed in writing that, amongst others:

      (A) the investment made by Maybank under the SPAs shall qualify for full repatriation rights as to divestment proceeds and dividend payments under the Foreign Exchange regulation Act 1947; and

      (B) Maybank shall be allowed to repatriate the disinvestment proceeds upon disinvestment of its MCB Shares in accordance with any other agreements to be executed by Maybank.

(c) the Government of Pakistan having notified that section 14(1)(iv) of the Banking Companies Ordinance, 1962, shall not apply to MCB in respect of Maybank holding up to 20% of the total voting rights of MCB;

(d) the Competition Commission of Pakistan having approved the proposed acquisition by Maybank of 15% of the issued and paid-up share capital of MCB as well as Maybank's intended subsequent acquisition of up to an additional 5% of the issued and paid-up share capital of MCB subsequently;

(e) the other members of the Vendors being ready, willing and able to transfer their respective MCB Shares to Maybank, which would bring Maybank's aggregate shareholding in MCB as at the completion date to 15% of the issued and paid up share capital of MCB; and

(f) the shareholders of Adamjee Insurance Company Limited having approved on its SPA in terms of a special resolution to be passed by the shareholders of Adamjee Insurance Company Limited.

(iii) If any of the conditions (to the extent that it has not been waived) is not fulfilled on or before 30 June 2008 (or such later date as the Vendors and Maybank may agree in writing), the SPAs shall automatically terminate.

(iv) Completion of the proposed acquisition of the Sale Shares shall be on the date (not being later than 30 June 2008 except as mutually agreed otherwise by the parties) that falls five (5) business days after the fulfilment (or waiver, if applicable) of the last of the conditions or at such other time and on such other date as the Vendors and Maybank may agree in writing.

2.5 Liabilities to be assumed

There will be no additional liabilities including contingent liabilities and guarantees to be assumed by Maybank arising from the Proposed Acquisition.

3. AGREEMENT FOR THE RIGHT TO SELL AND PURCHASE SHARES

The salient terms of the Agreement for the Right to Sell and Purchase Shares, include amongst others, the following:

(i) The Individual Sellers have the right to sell further MCB Shares to Maybank and Maybank shall be obliged to purchase such MCB Shares from the first business day after the completion date up to the first anniversary of the completion date ("Sell Right Period") on amongst others, the following terms and conditions:

(a) the Individual Sellers may sell or cause to be sold, and Maybank shall be obliged to purchase up to a maximum of MCB Shares which when combined with the Sale Shares will cause Maybank to hold no more than 20% of the issued and paid-up share capital of MCB;

(b) subject to the maximum limit as set out above, the Individual Sellers shall have the discretion to sell or cause to be sold MCB Shares in one transaction or a series of transactions initiated during the Sell Right Period; and

(c) the price per MCB Share payable by Maybank is set at PKR490 per MCB Share plus holding cost with the total price not exceeding PKR510 per MCB Share and will be adjusted for any bonus shares issuance or any changes to the capital structure of MCB.

(ii) In the event that the MCB Shares acquired by Maybank during the Sell Right Period ("Sell Right Shares") represent less than 2.5% of MCB's issued and paid-up share capital, Maybank has the right within the next five (5) business days after the Sell Right Period ("Purchase Right Period") to purchase further MCB Shares from the Individual Sellers and the Individual Sellers shall be jointly and severally obliged to sell or cause to be sold such MCB Shares on amongst others, the following terms and conditions:

(a) Maybank may purchase only in a single transaction initiated during the Purchase Right Period provided amongst others that the number of MCB Shares underlying such transaction together with the Sell Right Shares, will be equal to 2.5% of the issued and paid-up share capital of MCB; and

(b) the price per MCB Shares payable by Maybank is set at PKR490 per MCB Share plus holding cost with the total price not exceeding PKR510 per MCB Share and will be adjusted for any bonus shares issuance or any changes to the capital structure of MCB.

4. RATIONALE FOR THE PROPOSED ACQUISITION

In addition to the recently announced proposed acquisitions in Indonesia and Vietnam, the Proposed Acquisition will enable Maybank and its subsidiaries ("Maybank Group") to further expand its regional presence in key growth markets and to continue with its effort to establish itself as a financial services leader in the regional market.

The Proposed Acquisition will provide the Maybank Group with the opportunity to:

(i) position itself in a high growth and under-penetrated banking market with a large population;

(ii) establish strategic partnerships with a leading commercial bank in Pakistan with strong growth potential and with the Nishat Group, one of the leading and diversified business groups in Pakistan of MCB;

(iii) acquire a stake in the fourth largest bank in Pakistan in terms of assets with a wide distribution network; and

(iv) derive greater value through comprehensive business co-operation as the exclusive foreign commercial bank strategic partner to MCB.

5. PROSPECTS

5.1 Prospects Of The Pakistani Economy And Pakistani Services Industry

The country's economy continues to show resilience to domestic and international shocks. Although these have taken their toll, the economy is expected to turn in a reasonable growth performance during financial year 2008, albeit substantially lower than target. So far, the principal drag on the year's growth has been the outcome of kharif harvests and the slowdown in large scale manufacturing growth (particularly in December 2007). The services sector, on the other hand, seems set to show good performance for the sixth consecutive year.

Most of the indicators for the services sector suggest robust growth in this sector during the first half of financial year 2008. Wholesale and retail trade seems likely to perform well given a significant increase in imports (which accounts for more than half of the value addition in this sub-sector). This sub-sector is also likely to benefit from expansion in the network of domestic and foreign chain stores.

In the transport & communication sub-sector, a relative weakness in transportation sub-sector could be offset by a strong growth in the electronic media and tele-communication sub-sectors on the back of government's liberal policy as well as large foreign direct investment in recent years. In particular, expansion in cellular services is impressive as cellular density has more than doubled during July 2006 to December 2007. The combined impact of a likely improvement in the profitability of the overall banking sector, coupled with some improvement in value-addition by other financial institutions is expected to support the high growth momentum in finance & insurance sub-sector as well. In addition, growth in value addition by public administration & defense as well as community & social services (other services) is likely to be strong.

(Source: The State of Pakistan's Economy: Second Quarterly Report For Financial Year 2008, State Bank of Pakistan)

5.2 Prospects of the Maybank Group After the Proposed Acquisition

Premised on the high growth and under-penetrated Pakistani banking market and the franchise that MCB provides, the Proposed Acquisition and the strategic cooperation between the Maybank Group and the MCB Group through, amongst others, cross-selling of products and services, joint exploration of opportunities and sharing of expertise is expected to enable the parties to better capitalise the market potential and improve the overall returns of the MCB Group and the Maybank Group.

Hence, the Board believes that the Proposed Acquisition will augur well for the future prospects of both the Maybank Group and the MCB Group.

6. RISK FACTORS

The risk factors in relation to the Proposed Acquisition (which may not be exhaustive) include the following:

(i) Business Risks

Like any other bank operating in Pakistan, the MCB Group is subject to business risks relating to banking operations in Pakistan. These may include fluctuation in interest rates, inflation, liquidity risk, default risks and government regulations.

Although the management of MCB would have sought to limit these risks through, amongst others, implementation of prudent financial policies, risk management and liquidity framework, no assurance can be given that any change to these factors will not have a material adverse effect on the business of the MCB Group.

(ii) Political, Regulatory and Economic Considerations

The future growth and level of profitability of the MCB Group are subject to risks that are linked to the political, economic, regulatory and social developments in Pakistan. Any adverse developments in the political situation and economic uncertainties in Pakistan may materially and adversely affect the financial performance of the MCB Group. These include but are not limited to risks of war, terrorism, outbreak of infectious disease, natural calamities, global economic downturn, unfavourable change in government policy such as introduction of new regulations, changes in interest rates, methods of taxation and currency exchange rates.

There can also be no assurance that the legal and/or regulatory environment in which the MCB Group operates will not change from time to time, requiring increases in costs to be incurred by the MCB Group.

(iii) Competitive Industry Environment

The Pakistani financial sector may experience further consolidation, resulting in fewer banks and financial institutions. Merged entities may have competitive advantages in pricing and delivery channels. Certain of the MCB Group's competitors that were previously owned in full by the Government have been largely privatized. Privatization may allow them greater flexibility in their operations and increase their competitiveness. In addition, foreign banks have recently expanded operations in Pakistan and some are in the process of acquiring local banks.

As a mitigating factor, the MCB Group will continue to offer a broad and expanding range of products and services to its customers and strengthen its position by strategically expanding its distribution network and enhancing its remote access banking operations.

However, there can be no assurance that competitive pressures will not adversely impact the MCB Group's business and future financial performance.

(iv) Foreign Exchange Risks

The businesses of the MCB Group are conducted in amongst others, PKR, United States Dollars, British Pound Sterling, Japanese Yen and Euro. As such, any fluctuation in relation to the aforesaid currencies will have an effect on the financial performance of the MCB Group. Further, fluctuation in the exchange rate between PKR and RM could negatively affect investment returns of the Maybank Group in Pakistan.

No assurance can be given that any change in the foreign currency rates will not have a material adverse effect on the financial performance of the MCB Group.

(v) Dependence On Key Personnel

The MCB Group is highly dependent on the services of its management team. The MCB Group's ability to meet future business challenges depends, among other things, on their continued employment and the MCB Group's ability to attract and recruit talented and skilled personnel across its business. Competition for skilled and professional personnel in the banking industry in Pakistan is intense. Continuing increases in compensation to retain personnel could adversely affect its operating results.

There can be no assurance that the MCB Group will be able to retain all members of its management team.

(vi) Acquisition Risk

Upon completion of the Proposed Acquisition, there can be no assurance that the anticipated benefits to be derived from the Proposed Acquisition will be fully realised or that the Maybank Group will be able to generate sufficient revenues from the Proposed Acquisition to offset associated costs.

The Maybank Group will undertake the necessary efforts to mitigate the various risks. However, no assurance can be given that any of the aforesaid risks will not have a material effect on the Maybank Group.

(vii) Foreign Investment

As the investment by Maybank is a foreign investment in Pakistan, the said investment will be subject to the policies of the Pakistan Government on foreign investment. Historically, the laws of Pakistan strictly regulated foreign investment and the repatriation of earnings and capital from Pakistan. As part of an economic reform and liberalization program instituted by the Government since 1991, however, substantially all limitations have been removed on foreign investment in listed shares of Pakistani issuers. Restrictions on repatriation of earnings and capital in respect of such shares have also been removed, although some limited investment restrictions and conditions to the repatriation still remain.

There can be no assurance that these reforms will persist and any reversal thereof by the current or any future Government could adversely affect the ability of Maybank to repatriate earnings and capital from Pakistan.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital, substantial shareholders' shareholding and net asset

The Proposed Acquisition will not have any effect on the issued and paid-up share capital, the substantial shareholders' shareholding and net asset per share position of Maybank as the Proposed Acquisition will be satisfied entirely by cash.

7.2 Earnings

The Proposed Acquisition is estimated to be completed by end of June 2008 and will not have any material effect on the earnings of the Maybank Group for the financial year ending 30 June 2008.

The Proposed Acquisition is however expected to contribute positively to the revenue and earnings of the Maybank Group in the subsequent financial years.

7.3 Gearing

The gearing of the Maybank Group will increase by the level of the external borrowings to be obtained, if any, pursuant to the Proposed Acquisition.

8. APPROVALS REQUIRED

Save for the approvals, which form part of the conditions of the SPAs as set out in Section 2.4(ii), the Proposed Acquisition is not subject to any other approvals.

9. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED ACQUISITION

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by end of June 2008.

10. ADVISERS

The Board has appointed Aseambankers and JP Morgan as the Advisers for the Proposed Acquisition.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

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

12. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

13. DEPARTURE FROM THE SECURITIES COMMISSION'S GUIDELINES ON THE OFFERING OF EQUITY AND EQUITY-LINKED SECURITIES

The Proposed Acquisition is not subject to the approval of the Securities Commission ("SC") and does not fall under the SC's Guidelines on The Offering Of Equity and Equity-Linked Securities.

14. DOCUMENTS FOR INSPECTION

The SPAs and Agreement for the Right to Sell and Purchase Shares are 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 Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 5 May 2008.

APPENDIX I

1. SUBSIDIARIES AND ASSOCIATES

1.1 Subsidiaries

The subsidiaries of MCB as at 31 December 2007 are as follows:

Company	Year and Place of Incorporation	Equity Interest %	Principal Activities
Muslim Commercial Financial Services (Private) Limited	1992, Pakistan	99.997*	The principal object of the company is to float, administer and manage modaraba funds and modarabas under Modaraba Companies & Modaraba (Flotation and Control) Ordinance, 1980
MNET Services (Private) Limited	2001, Pakistan	99.950*	The core objective of the company is to provide services in Information Technology and to develop computer software and other data processing equipment for planning, designing, management and execution of all types of financial, personal, organizational and institutional services.
MCB Trade Services Limited	2005, Hong Kong	100.000	The principal activity of the company is to provide agency services.
MCB Asset Management Company Limited	2005, Pakistan	99.990	The principal of the company includes asset management, investment advisory, portfolio management, equity research and underwriting.

* Remaining shares are held by certain individuals as nominees of MCB.

1.2 Associates

The associates of MCB as at 31 December 2007 are as follows:

Company	Year and Place of Incorporation	Equity Interest %	Principal Activities
First Women Bank Limited	Pakistan**	26.78	Undertaking the conduct of all forms of business of a banking company in a manner designed to meet the special needs of women and to encourage and assist them in promotion and running of trade and industry and practice of profession.
Adamjee Insurance Company Limited	Pakistan**	29.13	The company is involved in general insurance business.

** The information on the year of incorporation is not publicly available.

2. PROFIT RECORD

The profit record of the MCB Group based on the audited financial statements for the past five (5) financial year ended ("FYE(s)") 31 December 2003 to 31 December 2007 and unaudited three (3) months period ended 31 March 2008 are as follows:

	<----- Financial Year Ended 31 December ----->					Period Ended
	2003 PKR billion	2004 PKR billion	2005 PKR billion	2006 PKR billion	2007 PKR billion	31 March 2008 PKR billion
Mark-up/return/interest earned	10.37	9.09	17.76	25.78	31.79	8.19
Mark-up/return/interest expensed	2.93	2.06	2.78	4.51	7.86	1.99
Net mark-up/interest income	7.44	7.03	14.98	21.27	23.93	6.20
Net mark-up/interest income after provisions	6.66	6.75	13.83	20.09	20.87	5.58
Exceptional item*	-	0.51	-	-	-	-
Profit before taxation	3.61	4.11	13.34	18.93	22.52	5.75
Taxation	1.38	1.63	4.13	6.39	6.08	1.74
Profit after taxation ("PAT")	2.23	2.48	9.21	12.54	16.44	4.01
Minority interest	^	^	^	^	^	^
Net profit attributable to ordinary shareholders	2.23	2.48	9.21	12.54	16.44	4.01

<u>Notes:</u>

^ *Negligible.*

* *Exceptional item is related to compensation on delayed tax refunds.*

Commentaries

(i) FYE 31 December 2003

The information for the FYE 31 December 2003 is not publicly available.

(ii) FYE 31 December 2004

The net mark-up/ interest income of the MCB Group decreased by 5.51% to PKR7.03 billion as compared to PKR7.44 billion in the previous year and the PAT of the MCB Group increased by 11.71% to PKR2.48 billion as compared to PKR2.22 billion in the previous year. The decline in the interest revenue and total interest expense was due to the overall decline in interest rates in the industry. As low interest rates were prevalent during most of the year, special emphasis was placed on non-fund based revenue to support the PAT from less volatile sources of income generation. As a result, share of fee-based revenues increased substantially.

(Source: Annual Report 2004)

(iii) FYE 31 December 2005

The net mark-up/ interest income of the MCB Group increased by 113.09% to PKR14.98 billion as compared to PKR7.03 billion in the previous year and the PAT of the MCB Group increased by 271.37% to PKR9.21 billion as compared to PKR2.48 billion in the previous year. The increase was due to significant increase in loans and the lending rates.

(Source: Annual Report 2005)

(iv) FYE 31 December 2006

The net mark-up/ interest income of the MCB Group increased by 41.99% to PKR21.27 billion as compared to PKR14.98 billion in the previous year and the PAT of the MCB Group increased by 36.16% to PKR12.54 billion as compared to PKR9.21 billion in the previous year. The growth is attributable to the significant increase in volumes of loans and deposits.

(Source: Annual Report 2006)

(v) FYE 31 December 2007

The net mark-up/ interest income of the MCB Group increased by 12.5% to PKR23.93 billion as compared to PKR21.27 billion in the previous year and the PAT of the MCB Group increased by 31.1% to PKR16.44 billion as compared to PKR12.54 billion in the previous year. During the year, the MCB Group recorded strong growth in revenues and earnings due to amongst others, increased outreach, strengthened human resources, enhanced product portfolios, improved controls and vigilant credit risk management.

(Source: Annual Report 2007)