

**Malayan Banking Berhad (“Maybank” or “the Company”)**  
**- Proposed Dividend Reinvestment Plan**

**1. INTRODUCTION**

On behalf of the Board of Directors of Maybank (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) is pleased to announce that Maybank is proposing to undertake a recurrent and optional dividend reinvestment plan that allows shareholders of Maybank (“**Shareholders**”) to reinvest their Dividend (as defined in Section 3 below) into new ordinary share(s) of RM1.00 each in Maybank (“**Maybank Shares**”) (“**Proposed Dividend Reinvestment Plan**”).

**2. RATIONALE**

The Proposed Dividend Reinvestment Plan is part of the Company’s efforts to enhance and maximise 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 volume weighted average market price (“**VWAMP**”) of Maybank Shares immediately prior to the Price Fixing Date (as defined below). The Proposed Dividend Reinvestment Plan will provide the Shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Company through subscription of additional Maybank Shares without having to incur material transaction or other related costs.

The Company will also benefit from the participation by Shareholders in the Proposed Dividend Reinvestment Plan to the extent that if the Shareholders elect to reinvest the Electable Portion into new Maybank Shares, the cash which would otherwise be payable by way of Dividend will be retained to fund the continuing growth and expansion of Maybank and its subsidiaries (“**Maybank Group**”). The retention of cash and the issue of Maybank Shares under the Proposed Dividend Reinvestment Plan will not only enlarge the Company’s share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

**3. DETAILS OF THE PROPOSED DIVIDEND REINVESTMENT PLAN**

**3.1 Election to receive cash Dividend or to reinvest the cash Dividend into new Maybank Shares**

Whenever a cash dividend (either an interim, final, special or other dividend) (“**Dividend**”) is announced, the Board may, in its absolute discretion, determine that the Proposed Dividend Reinvestment Plan will apply 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**”).

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 into 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 all relevant regulatory approvals for the Proposed Dividend Reinvestment Plan (“**Price Fixing Date**”).

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

**Unless the Board has determined that the Proposed 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 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 (“**Books Closure Date**”) will be made thereafter.

Subsequently, a copy of the notice of election in relation to the Proposed Dividend Reinvestment Plan (“**Notice of Election**”) and information memorandum/ modified prospectus (as the case may be) will be despatched to the Shareholders respectively. The last day (which will be a date to be fixed and announced by the Board) to make the election in relation to the Electable Portion (“**Expiry Date**”) will be stated in the Notice of Election.

After the Books Closure Date, the Company 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 (“**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**”). 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. 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 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 the Board’s decision on the Electable Portion, the number of Shareholders that elect to participate 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, 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.

**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, Shareholders need not take any action if they wish to receive their Electable Portion in cash.**

### **3.2 Availability of the Proposed Dividend Reinvestment Plan**

Notwithstanding any provisions of the Proposed Dividend Reinvestment Plan, if at any time after the 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, the 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, the Board may, in their absolute discretion and as they deem fit in the interest of the Company and without assigning any reason thereof, 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 Shareholders in the usual manner.

### **3.3 Eligibility**

All Shareholders are eligible to participate in the Proposed Dividend Reinvestment Plan, subject to the restrictions on the 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 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.

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### 3.4 Take-over offer implications

The attention of Shareholders is drawn to Section 6(1)(b) of Part II of the Malaysian Code on Take-Overs and Mergers (“**Take-over Code**”). In particular, a Shareholder should note that he/ she may be under an obligation to extend a take-over offer for the Company if:

- (a) he/ she 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 persons acting in concert with him) carry thirty-three per cent (33%) or more of the voting shares of the Company; or
- (b) he/ she, 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/ she and/or any person acting in concert with him, acquired 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 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. 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.**

### 3.5 Odd lots

A Shareholder who elects to reinvest the Electable Portion into new Maybank Shares to which his Notice of Election relates may receive such new Maybank Shares in odd lots. 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.

### 3.6 Termination

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

### 3.7 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 into new Maybank Shares) is made to all Shareholders, including Directors, substantial shareholders and other interested persons of the Company who hold Maybank Shares, subject to the restrictions referred to in Section 3.3.

The 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 annual general meeting of Maybank ("AGM"). Nonetheless, the first shareholders' approval for issuance of new Maybank Shares pursuant to the Proposed Dividend Reinvestment Plan will be sought at the forthcoming extraordinary general meeting of Maybank ("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, 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 Companies Act, 1965 ("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 total 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.

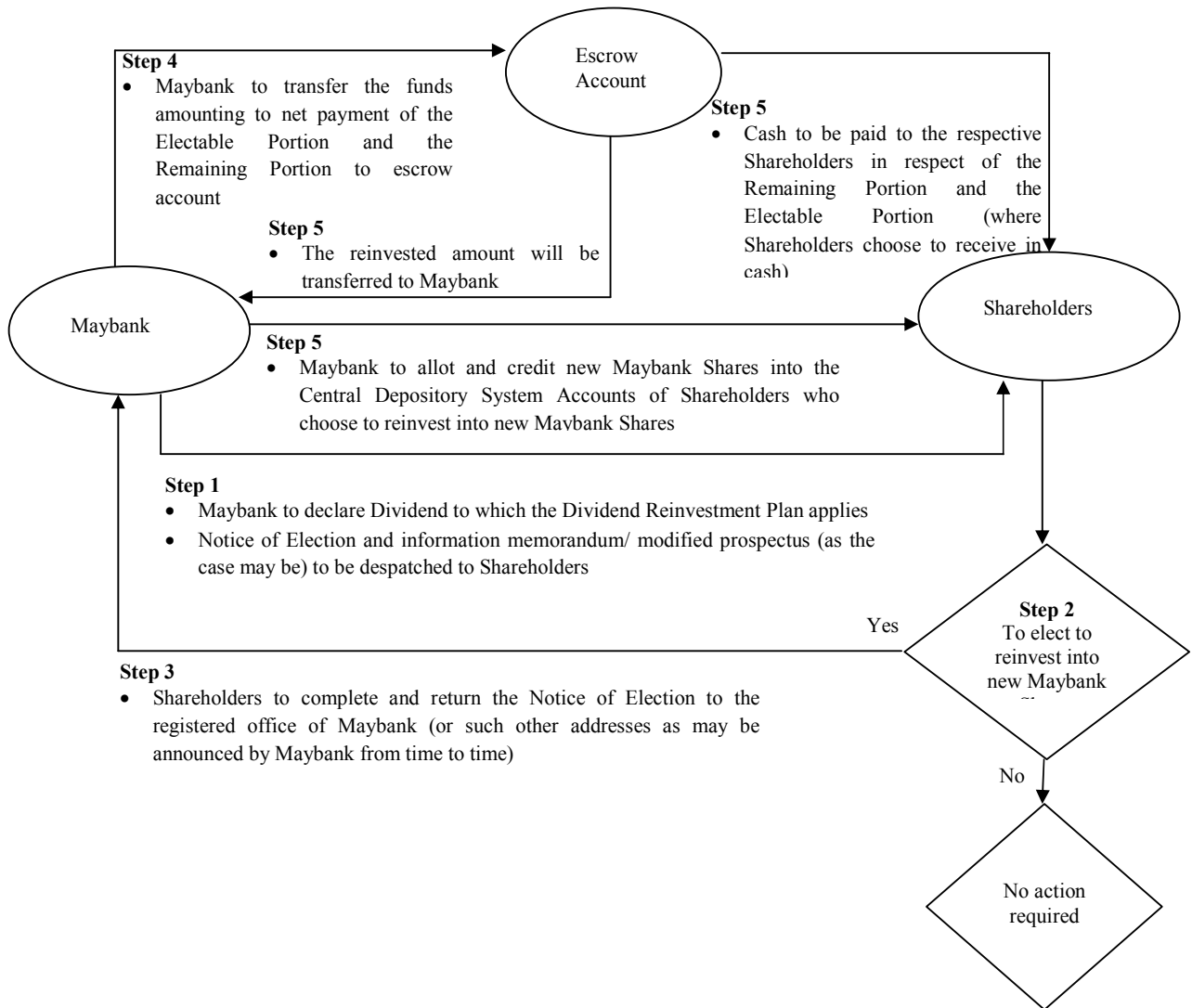
The shareholding of a Shareholder in the Company will be diluted should he/ she choose to receive the Electable Portion in cash, and the extent of such dilution will depend on the extent of how the other Shareholders elect to reinvest the Electable Portion into new Maybank Shares.

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 Maybank Group. The Electable Portion will be determined by the Board in its sole and absolute discretion from time to time.

Amendments to the Memorandum and Articles of Association of Maybank ("M&A") are not required under the Proposed Dividend Reinvestment Plan as the M&A as well as the Act do not prohibit the implementation of any dividend reinvestment plan.

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



**4. EFFECTS OF THE PROPOSED DIVIDEND REINVESTMENT PLAN**

**4.1 Share capital and substantial shareholders’ shareholdings**

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

#### **4.3 Earnings and earnings per Maybank share (“EPS”)**

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

The Proposed Dividend Reinvestment Plan is conditional upon the following:

- (a) Approval from Bank Negara Malaysia (“**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 for each 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).

### **6. DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

None of the Directors and/or major Shareholders of Maybank and/or persons connected to them have any interest, either direct or indirect, in the Proposed Dividend Reinvestment Plan beyond their respective entitlements as Shareholders, for which all existing Shareholders are entitled, subject to Section 3.3 above.

## 7. DIRECTORS' STATEMENT

The 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 the Company.

## 8. ADVISER

Maybank IB has been appointed as the adviser to the Company for the implementation of the Proposed Dividend Reinvestment Plan based on the terms and conditions set by Maybank.

## 9. ESTIMATED TIME FRAME FOR THE IMPLEMENTATION OF THE PROPOSED DIVIDEND REINVESTMENT PLAN

Barring unforeseen circumstances and subject to the approvals set out in Section 5 above, the Proposed Dividend Reinvestment Plan is expected to be put in place by the second quarter of 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 <sup>(1)(2)</sup>	T - 40 calender days
Issuance of annual report <sup>(1)</sup>	T - 37 calender days
Annual general meeting <sup>(1)</sup>	T - 16 calender days
Submission of additional listing application ("ALA") to Bursa Securities for its approval. Assuming Bursa Securities takes 14 days to approve the ALA <sup>(3)</sup>	T - 14 calender days
Announcement of Price Fixing and Books Closure Date <sup>(3)</sup>	T
Submission of modified prospectus for SC's approval (if required) <sup>(3)</sup>	T + 3 market days
Books Closure Date <sup>(3)</sup>	T + 10 market days
Despatch of information memorandum/ modified prospectus (as the case may be) and Notice of Election <sup>(3)</sup>	T + 12 market days
Expiry Date <sup>(3)</sup>	T + 21 market days
Transfer of net Dividend to escrow account <sup>(3)</sup>	T + 28 market days
Issuance and allotment of new Maybank Shares as well as payment of cash dividend to Shareholders <sup>(3)</sup>	T + 29 market days
Listing of new Maybank Shares <sup>(3)</sup>	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 the Board to declare such interim Dividend (to which the Proposed Dividend Reinvestment Plan applies) may fall on T – 16 calendar days.*
- (3) Common processes which apply to declaration of both interim and final Dividend to which the Proposed Dividend Reinvestment Plan applies.*

## **10. APPLICATION TO THE RELEVANT AUTHORITIES**

The approval from BNM has already been obtained by Maybank as stated in Section 5 above. An EGM will be convened in due course to obtain Shareholders' approval for the Proposed Dividend Reinvestment Plan.

This announcement is dated 25 March 2010.