

PART A

- **PROPOSED ESOS;**
- **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND**
- **PROPOSED AMENDMENTS FOR ESOS.**

Malayan Banking Berhad
(Company No: 3813-K)
(Incorporated in Malaysia under the Act)

Registered Office :

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

20 July 2004

Directors

Tan Sri Mohamed Basir bin Ahmad (*Chairman / Non-Independent Non-Executive Director*)
Dato' Richard Ho Ung Hun (*Vice-Chairman / Independent Non-Executive Director*)
Datuk Amirsham A Aziz (*President and Chief Executive Officer / Executive Director*)
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali (*Independent Non-Executive Director*)
Mohammad bin Abdullah (*Independent Non-Executive Director*)
Tuan Haji Mohd. Hashir bin Haji Abdullah (*Independent Non-Executive Director*)
Teh Soon Poh (*Independent Non-Executive Director*)
Datuk Haji Abdul Rahman bin Mohd. Ramli (*Non-Independent Non-Executive Director*)
Dato' Mohammed Hussein (*Deputy President / Executive Director*)
Hooi Lai Hoong (*Deputy President / Executive Director*)

To : The Shareholders of Maybank

Dear Sir / Madam,

- **PROPOSED ESTABLISHMENT OF A NEW EMPLOYEE SHARE OPTION SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY;**
- **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY FROM RM4,000,000,000 TO RM10,000,000,000 BY THE CREATION OF AN ADDITIONAL 6,000,000,000 SHARES; AND**
- **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION FOR THE PROPOSED ESOS.**

1. INTRODUCTION

On 1 August 2003, Aseambankers, on behalf of the Company, announced that the Company is proposing to establish a new ESOS for the benefit of all eligible employees of the Group and Executive Directors. Subsequently on 22 November 2003, Aseambankers, on behalf of the Company, announced that the Company has obtained the SC's approval vide its letter dated 17 November 2003 for the Previous Proposal. On 17 May 2004, the Company obtained the SC's approval for an extension of time until 31 December 2004 to implement the Previous Proposal.

On 27 May 2004, AmMerchant Bank, on behalf of the Company, announced that the Company is proposing to revise certain terms of the Previous Proposal to incorporate recent changes to the SC Guidelines and Listing Requirements with respect to ESOS, which basically entails the participation of Non-Executive Directors in the Proposed ESOS and the increase in the maximum number of Shares in Maybank available under the Scheme from ten percent (10%) of the total number of the issued and paid-up capital to fifteen percent (15%).

In the same announcement, AmMerchant Bank also announced that the Company is proposing to amend the Articles of the Company in order to facilitate the granting of Options to Non-Executive Directors pursuant to the Proposed ESOS.

Apart from the Proposals and the Proposed Amendments For Dividend Payments, there are no other corporate exercises which have been announced and pending completion prior to the printing of this Circular.

The purpose of the Circular is to provide you with the details of the Proposals together with the Board's recommendation where applicable, and to seek your approval for the relevant resolutions on the Proposals to be tabled at the forthcoming EGM.

2. PROPOSED ESOS

2.1 Details of the Proposed ESOS

The Company is proposing to establish and implement an ESOS of up to fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time for the benefit of the Eligible Persons of the Maybank Group.

2.2 Principal features of the Proposed ESOS

(i) Maximum Number of New Shares Available Under The ESOS

The maximum number of Shares which may be available under the Scheme shall be fifteen percent (15%) of the total number of the issued and paid-up share capital of Maybank at any point in time during the duration of the Scheme. The Company will keep sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options during the duration of the Scheme.

(ii) Eligibility

- (a) (i) Subject to the discretion of the ESOS Committee, any Employee shall be eligible to participate in the Scheme if, as at the relevant Cut Off Date, the Employee :-
 - (aa) is employed by and on the payroll of a company within the Maybank Group and is still in full-time service with such company as at the Date of Offer;
 - (bb) has been in full-time employment (regardless permanent or on contract) of the Maybank Group for a period of at least twenty four (24) months of continuous service, including service during the probation period and is confirmed in service. For an Employee of any of the Subsidiaries of the Maybank Group, the Employee must complete at least twenty four (24) months of continuous service following the date such company is deemed to be a Subsidiary of the Maybank Group;
 - (cc) is not a participant of any other Employee Share Option Scheme implemented by any other company within the Maybank Group which is in force for the time being.

- (ii) The Employee's qualifying period under Clause 3(a)(i)(bb) of the By-Laws refers to twenty four (24) months of continuous service for purposes of determining the first Offer to be made to the Employee. In computing the qualifying period, the ESOS Committee shall exclude any continuous ninety (90) days period or continuous period exceeding ninety (90) days of any type of no pay leave (excluding prolonged illness leave, as determined by the Maybank Group) utilised by the Employee at any time during the Employee's full-time employment with any company in the Group.

In respect of the Employee employed on contract basis, the terms of his contract must be for a minimum term of twenty four (24) months in order to meet the abovementioned qualifying period, except for jurisdictions where the relevant regulatory requirements including employment laws require contract of less than twenty four (24) months duration. Subject to Clause 17(h) of the By-Laws, the decision of the ESOS Committee as to the method and manner of computation in respect of the Employee's qualifying period, shall be final and binding.

- (iii) In respect of the Employee who is employed on contract basis and where there is a lapse in his continuous service due to a gap in the renewal of his contract, such period shall not be regarded as a continuous service.
 - (iv) In respect of the Employee who retires on attaining the normal retirement age and is offered employment on contract basis, and where there is a lapse in his continuous service due to a gap in the offer of his new employment contract, such period shall not be regarded as a continuous service.
- (b) (i) A Non-Executive Director shall be eligible to participate in the Scheme if, as at the relevant Cut Off Date, the Non-Executive Director :-
 - (aa) has been a non-executive director of the Maybank Group for a continuous period of at least twenty four (24) months;
 - (bb) is not a participant of any other Employee Share Option Scheme implemented by any other company within the Maybank Group which is in force for the time being.
 - (ii) If the Non-Executive Director is serving on more than one (1) board in the Maybank Group, he shall be entitled to elect and accept only one (1) ESOS allotment based on the directorship in the company of his choice.
- (c) The entitlement under the ESOS for Executive Directors and Non-Executive Directors including any persons connected to the directors is subject to the approval of the shareholders of Maybank in a general meeting.

(iii) Basis of Allotment

The basis of allotment of new Shares under the Option for each year (subject to a maximum number of new Shares that may be offered under the Scheme) is as follows provided that not more than fifty percent (50%) of the Shares available under the ESOS should be allocated, in aggregate, to the Executive Directors, Non-Executive Directors and senior management (that is Employees in ESOS Job Group 1 to 7) and not more than ten percent (10%) of the Shares available under the ESOS should be allocated to any individual Executive Director, Non-Executive Director or Employee who, either singly or collectively through persons connected with the Executive Director, Non-Executive Director or Employee (as the case may be), holds twenty percent (20%) or more in the issued and paid-up capital of Maybank. For the purpose of this paragraph, 'persons connected with an Employee' shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in paragraph 1.01 of the Listing Requirements :-

- (a) For eligible Employees : An eligible Employee shall be offered a one-off fixed Base Allotment (as defined in the table in Clause 4(c) of the By-Laws) based on his ESOS Job Group as at the Cut Off Date of the Offer. Such Offer of the Base Allotment shall only be made once for each eligible Employee during the duration of the Scheme. An eligible Employee shall also be offered an Annual Allotment (as defined in the table in Clause 4(c) of the By-Laws) based on his ESOS Job Group as at the Cut Off Date of the Offer and his individual performance in the preceding Financial Year, both of which are determined in Clause 4(c) of the By-Laws, for every twelve (12) month period of the Scheme. In respect of the Annual Allotment for the eligible Employee in ESOS Job Group 14 to 17, it shall be a fixed number of Shares as determined in Clause 4(c) of the By-Laws.

The eligible Employees who are also Non-Executive Directors of a Subsidiary shall be offered allotment based on eligibility as an eligible Employee only.

- (b) For Non-Executive Directors : An eligible Non-Executive Director shall be offered a one-off Fixed Allotment (as defined in the table in Clause 4(d) of the By-Laws) based on his position on the Board and his period of service as a Non-Executive Director of the Maybank Group as at the Cut Off Date of the Offer, capped at fifteen (15) years. Such Offer of the Fixed Allotment shall only be made once for each eligible Non-Executive Director during the duration of the Scheme. An eligible Non-Executive Director shall also be offered an Annual Allotment based on 50% of his Base Allotment (as defined in the table in Clause 4(d) of the By-Laws) as at the Cut Off Date of the Offer. Such Offer of the Annual Allotment shall be made in every twelve (12) month period of the Scheme subsequent to the Offer of the one-off Fixed Allotment.

(c) The number of new Shares under the ESOS for the Employees of the Maybank Group is as follows :-

ESOS Job Group	Employee Band/Grade/Designation	Base Allotment (Number Of Shares)	Annual Allotment based on performance (Number Of Shares Per Financial Year)				
			Below Threshold	Thres-Hold	On-Target	Exceed Target	Stretch
1	President And Chief Executive Officer	650,000	nil	36,000	120,000	168,000	216,000
2	Deputy President	450,000	nil	24,000	80,000	112,000	144,000
3	BAND A (BG62)	300,000	nil	12,000	40,000	56,000	72,000
4	BAND B (BG61)	200,000	nil	8,200	27,000	37,800	48,600
5	BAND C (BG60)	150,000	nil	6,000	20,000	28,000	36,000
6	BAND D (BG58-BG59)	100,000	nil	4,000	13,600	19,000	24,400
7	BAND E/E-1 (BG56-BG57, IS29) or equivalent	70,000	nil	2,800	9,400	13,200	17,000
8	BAND F/F-1 (BG54-BG55, IS28) or equivalent	42,000	nil	1,600	5,600	7,800	10,000
9	BAND G/G-1 (BG53, IS27) or equivalent	26,000	nil	1,000	3,400	4,800	6,200
10	BAND H/H-1 (BG51-BG52, IS25-IS26) or equivalent	18,000	nil	800	2,400	3,400	4,400
11	BAND I/I-1 (BG50, IS24), ISM, or equivalent	15,000	nil	600	2,000	2,800	3,600
12	OII, BG49, IS23, ISE, or equivalent	10,000	nil	400	1,200	1,600	2,200
13	BG48, IS22, or equivalent	8,000	nil	200	1,000	1,400	1,800
14	CT23-24, or equivalent	10,000	Annual Fixed Allotment of 1,200 per Financial Year				
15	CT21-22, or equivalent	8,000	Annual Fixed Allotment of 1,000 per Financial Year				
16	Special Grade Clerk, Clerk or equivalent	6,600	Annual Fixed Allotment of 800 per Financial Year				
17	Non-Clerical, Security Guard, or equivalent	5,000	Annual Fixed Allotment of 600 per Financial Year				

The existing Employee Band/Grade/Designation provided herein is not exhaustive. The ESOS Committee reserves the right to equate and allocate any existing Employee Band/Grade/Designation of any Employee in any company in the Group not accounted for herein into any of the seventeen (17) Job Groups and/or equivalent Employee Band/Grade/Designation provided for herein at its discretion as it shall determine, which shall be final and binding in all respects.

- (d) The number of new Shares under the ESOS for Non-Executive Directors of the Maybank Group is as follows :-

Position	Position Served on the Board of Maybank Group	Fixed Allotment		Annual Allotment (Number of Shares per year @ 50% of Base Allotment)
		Base Allotment (Number Of Shares)	Service Allotment (Number of Shares per completed year of service, capped at 15 years)	
P1	Chairman, Maybank Board	150,000	20,000	75,000
P2	Vice-Chairman, Maybank Board	135,000	20,000	67,500
P3	Member, Maybank Board	125,000	20,000	62,500
P4	Chairman, Maybank Subsidiary Board	35,000	10,000	17,500
P5	Member, Maybank Subsidiary Board	30,000	10,000	15,000

The Audit Committee of Maybank shall verify the allocation of Options offered to the Eligible Persons under the Scheme, check on the compliance with the By-Laws and ensure that the statements to this effect shall be disclosed in the annual report.

(iv) Acceptance

The Offer to participate in the Proposed ESOS shall be valid for a period of twenty-one (21) days from the Date of Offer. Acceptance by the Eligible Person to whom the Offer is made must be made by written notice in the prescribed form and duly received by the ESOS Committee within this period. Should the Eligible Person fail to accept the Offer within the prescribed period, the Offer shall be deemed to have lapsed and shall be null and void.

Upon acceptance, the Eligible Person shall pay to Maybank a sum of Ringgit Malaysia One (RM1.00) as non-refundable consideration for the Offer.

After the due acceptance of the Offer in accordance with this Clause of the By-Laws, the ESOS Committee shall within fourteen (14) days issue to the Grantee, a certificate of Option in such form as may be determined by the ESOS Committee.

(v) Option Price

The price at which the Grantee is entitled to subscribe for each new Share shall be the weighted average market price of the Shares as shown in the Daily Diary issued by Bursa Securities for the five (5) Market Days immediately preceding the Date of Offer, subject to a discount within the limit allowed by the relevant authorities from time to time (the discount to be applied shall be decided by the ESOS Committee at its discretion), but shall in no event be less than the par value of the Shares.

(vi) Scheme Duration

- (a) (i) The effective date for the implementation of the Scheme shall be the date of full compliance of the following :-
- (aa) submission of a final copy of the By-Laws to Bursa Securities;
 - (bb) receipt of approval-in-principle for the listing of the Shares under the Scheme from Bursa Securities;
 - (cc) procurement of shareholders' approval for the Scheme;
 - (dd) receipt of approval of any other relevant authorities, where applicable; and
 - (ee) fulfilment of all conditions attached to the above approvals, if any.
- (ii) The Adviser for Maybank shall submit a confirmation to Bursa Securities of full compliance pursuant to Clause 18(a)(i) of the By-Laws stating the effective date of implementation together with a certified true copy of the relevant resolution passed by the shareholders of Maybank in a general meeting.
- (iii) The submission of the confirmation referred to in Clause 18(a)(ii) of the By-Laws must be made no later than five (5) Market Days after the effective date of implementation.
- (b) The Scheme shall be in force for a period of five (5) years from the effective date and no further Options will be granted thereafter unless the shareholders of Maybank in a general meeting agree to continue the Scheme for a further period of five (5) years, with or without variations and subject to the approvals of the BNM and Bursa Securities (if required) and any other relevant authorities be obtained for such continuance provided that the duration of the Scheme including any extension (if any) shall not exceed a total period of ten (10) years from the effective date.

(vii) Restriction of Sale

Except where Clause 17 of the By-Laws is applicable, a Non-Executive Director must not sell, transfer or assign Shares obtained through the exercise of his Options within twelve (12) months from the Date of Offer.

(viii) Retention Period

A Grantee may deal with the new Shares allotted and issued to him in any way he pleases. Grantees should note that the Shares are intended for them to hold as investment rather than for realisation to yield immediate profit.

(ix) Rights Attaching To Shares

The new Shares to be allotted upon any exercise of the Option will upon allotment rank pari passu in all respects with the then existing Shares except that the new Shares so issued will not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of such new Shares and will be subject to all the provisions of the Articles relating to transfer, transmission and otherwise.

(x) Amendment And / Or Modification To The ESOS

- (a) Subject to Clause 16(b) of the By-Laws, the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to obtaining the approval of the relevant regulatory authorities (where required).
- (b) The approval of the shareholders of Maybank in a general meeting shall not be required in respect of additions or amendments to or deletions of the By-Laws provided that no additions, amendments or deletions shall be made to the By-Laws which would :-
 - (i) prejudice any rights which have accrued to any Grantee without his prior consent; or
 - (ii) increase the number of Shares available under the ESOS beyond the maximum imposed by Clause 2 of the By-Laws; or
 - (iii) provide an advantage to any Option holder or group of Option holders or all Grantees.

3. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The present authorised share capital of the Company is RM4,000,000,000 comprising 4,000,000,000 Shares, of which 3,600,171,921 Shares have been issued and credited as fully paid-up.

In order to accommodate the new Shares to be issued upon exercise of the Options as well as new Shares to be issued for future corporate exercises, if any, the Board proposes to increase the authorised share capital of the Company to RM10,000,000,000 comprising 10,000,000,000 Shares by the creation of an additional 6,000,000,000 new Shares.

4. PROPOSED AMENDMENTS FOR ESOS

The Memorandum and Articles of the Company are proposed to be amended as follows for the purposes of facilitating the Proposed ESOS :-

(a) Clause 5 of the Memorandum

To delete and substitute the existing Clause 5 of the Memorandum with a new Clause 5 of the Memorandum as follows :-

(i) Existing Clause

The capital of the Company is RM4,000,000,000 divided into 4,000,000,000 Ordinary shares of RM1.00 each.

(ii) New Clause

The capital of the Company is **RM10,000,000,000** divided into **10,000,000,000** Ordinary shares of RM1.00 each.

(b) Article 3(1)

To delete and substitute the existing Article 3(1) with a new Article 3(1) as follows :-

(i) Existing Article

The authorised capital of the Company of RM4,000,000,000 is divided into 4,000,000,000 Ordinary shares of RM1.00 each.

(ii) New Article

The authorised capital of the Company of **RM10,000,000,000** is divided into **10,000,000,000** Ordinary shares of RM1.00 each.

(c) Article 6(3)

To delete and substitute the existing Article 6(3) with a new Article 6(3) as follows :-

(i) Existing Article

Every issue of shares or options to employees and / or directors shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director. Only Directors holding office in an executive capacity shall participate in such an issue of shares.

(ii) New Article

Every issue of shares or options to employees and / or directors shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director. **No Director shall participate in an issue of shares pursuant to a company's share option scheme unless shareholders in a general meeting have approved of the specific allotment to be made to the Director.**

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed ESOS

The rationale for the Proposed ESOS is as follows: -

- (a) to recognise the contribution of the Eligible Persons of the Maybank Group to the past and future growth of the Maybank Group;
- (b) to provide opportunity for the Eligible Persons of the Maybank Group to participate in the equity of the Company, thereby promoting a shared vision amongst the stakeholders to further enhance the shareholder value; and
- (c) to promote a high performance culture within the Maybank Group.

The proceeds from the exercise of Options, if any, shall be utilised towards the Group's working capital requirements.

5.2 Proposed Increase In Authorised Share Capital

The Proposed Increase In Authorised Share Capital is to accommodate the new Shares to be issued upon exercise of the Options as well as new Shares to be issued for future corporate exercises of the Company, if any.

5.3 Proposed Amendments For ESOS

The Proposed Amendments For ESOS are undertaken to reflect the Proposed Increase In Authorised Share Capital and to facilitate the granting of Options to Non-Executive Directors pursuant to the Proposed ESOS.

6. EFFECTS OF THE PROPOSALS

6.1 Share Capital

The change in the issued and paid-up share capital of Maybank as a result of the Proposed ESOS is as follows :-

	No. of Shares	Nominal Amount (RM)
As at 30 June 2004	3,600,171,921	3,600,171,921
To be issued assuming full exercise of the Options	540,025,788	540,025,788
Enlarged issued and paid-up share capital	4,140,197,709	4,140,197,709

6.2 NTA

The Proposed ESOS will not have any immediate effect on the NTA of the Maybank Group until such time when the Options are exercised.

However, the NTA of the Maybank Group is expected to be enhanced depending on the number of new Shares to be issued upon exercise of the Options granted and the exercise price of the Options thereof.

6.3 Earnings

The Proposed ESOS will not have any immediate material effect on the earnings of the Maybank Group. Any potential effect on future earnings will depend on the number and exercise price of the Options exercised at any point in time as well as the utilisation of proceeds arising therefrom.

The estimated expenses for the Proposals are approximately RM210,000.

6.4 Substantial Shareholders' Shareholdings

The Proposed ESOS will not have any immediate effect on the substantial shareholders' shareholdings in the Company until such time when the Options are exercised.

6.5 Dividend

The Proposed ESOS will not have any immediate effect on the dividend to be declared by the Company, if any.

The Proposed Increase In Authorised Share Capital and the Proposed Amendments For ESOS will have no effect on the share capital, NTA, earnings, substantial shareholders' shareholdings and dividends to be declared by the Company, if any.

7. SHARE PRICE PERFORMANCE

The monthly highest and lowest share prices of Maybank as traded on the Bursa Securities for the last twelve (12) months from July 2003 to June 2004 are as follows:

	High (RM)	Low (RM)
2003		
July	9.15	8.45
August	9.35	8.70
September	9.75	9.20
October	10.30	9.40
November	10.30	9.35
December	10.10	9.45
2004		
January	10.50	9.55
February	11.50	10.00
March	12.00	10.80
April	11.40	10.30
May	10.70	9.60
June	10.30	9.75

(Source: Bloomberg Financial Market News)

The last transacted prices of the Shares on Bursa Securities on 26 May 2004, being the last Market Day prior to the announcement of the Proposed ESOS, was RM10.10.

The last transacted price of the Shares on Bursa Securities on 14 July 2004, being the latest practicable date prior to the printing of this Circular, was RM10.60.

8. CONDITIONS TO THE PROPOSALS

8.1 Proposed ESOS

The Proposed ESOS is subject to the following approvals :-

- a) Bursa Securities including the listing of and quotation for the new Shares to be issued pursuant to the Proposed ESOS which was obtained on 24 June 2004;
- b) BNM's approval for the Previous Proposal was obtained on 19 January 2004. BNM's approval for the revisions to certain terms of the Previous Proposal, as announced on 27 May 2004, was obtained on 14 July 2004; and
- c) the shareholders of the Company at the forthcoming EGM.

8.2 Proposed Increase In Authorised Share Capital

The Proposed Increase In Authorised Share Capital is subject to the following approvals :-

- (a) BNM which was obtained on 14 July 2004; and
- (b) the shareholders of the Company at the forthcoming EGM.

8.3 Proposed Amendments For ESOS

The Proposed Amendments For ESOS are subject to the following approvals :-

- (a) BNM which was obtained on 14 July 2004; and
- (b) the shareholders of the Company at the forthcoming EGM.

The Proposed ESOS is conditional upon all approvals being obtained for the Proposed Increase In Authorised Share Capital and the Proposed Amendments For ESOS.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

(i) Directors' Interests

All the Directors are deemed interested in the Proposed ESOS and Proposed Amendments For ESOS by virtue of them being entitled to participate in the Proposed ESOS ("**Interested Directors**").

Tunku Alizakri bin Raja Muhammad Alias ("**Tunku Alizakri**"), the son of Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali, a Non-Executive Director of Maybank, is also an employee of Maybank. Accordingly, Tunku Alizakri is deemed a person connected with Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali and as such, Tunku Alizakri is deemed interested in the Proposed ESOS and Proposed Amendments For ESOS by virtue of him being entitled to participate in the Proposed ESOS.

The direct and indirect interests of the Interested Directors in the Company as at 30 June 2004 and their respective entitlements under the Proposed ESOS are set out below :-

Name of Director	←-----No. of Shares-----→				Maximum number of Shares entitled under the Proposed ESOS
	Direct	%	Indirect	%	
Tan Sri Mohamed Basir bin Ahmad	18,000	*	-	-	650,000 #
Dato' Richard Ho Ung Hun	-	-	-	-	705,000 #
Datuk Amirsham A Aziz	261,000	0.01	-	-	1,730,000 ^
Hooi Lai Hoong	181,400	0.01	-	-	1,170,000 ^
Dato' Mohammed Hussein	88,400	*	15,000 @	*	1,170,000 ^
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali	-	-	-	-	675,000 #
Mohammad bin Abdullah	-	-	-	-	555,000 #
Tuan Haji Mohd. Hashir bin Haji Abdullah	-	-	-	-	515,000 #
Teh Soon Poh	5,247	*	-	-	495,000 #
Datuk Abdul Rahman bin Mohd. Ramli	-	-	-	-	455,000 #

* Less than 0.01%.

@ Held through Alliance Group Nominees (Tempatan) Sdn Bhd.

^ Calculated as per Section 2.2 (iii)(c) of Part A of this Circular based on "Base Allotment" plus "Annual Allotment", and on the assumption that he /she will remain in the same ESOS Job Group and "Stretch" performance over the full 5-year duration of the Scheme.

Calculated as per Section 2.2 (iii)(d) of Part A of this Circular based on his position and completed years in service as at 30 June 2004 and on the assumption that he will remain in the same position over the full 5-year duration of the Scheme.

The Interested Directors have deliberated and voted on the Proposals. However, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the Board meetings of the Company in respect of their respective entitlements under the Proposed ESOS and will also abstain from voting in respect of their direct and / or indirect shareholdings, if any, on the resolutions pertaining to the Proposed ESOS, their entitlements under the Proposed ESOS and the Proposed Amendments For ESOS at the forthcoming EGM.

The Interested Directors will ensure that persons connected with them will abstain from voting in respect of their direct and / or indirect shareholdings, if any, on the resolutions pertaining to the Proposed ESOS, their entitlements under the Proposed ESOS and the Proposed Amendments For ESOS at the forthcoming EGM.

(ii) Major Shareholders' Interests

None of the major shareholders of the Company and / or persons connected with them has any interest, direct and / or indirect, in the Proposals.

10. DIRECTORS' RECOMMENDATION

Having considered the rationale of the Proposed Increase In Authorised Share Capital, and after due deliberation, the Board is of the view that the Proposed Increase In Authorised Share Capital is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the relevant resolution to be tabled at the forthcoming EGM.

The Board will abstain from making any recommendation on the Proposed ESOS and the Proposed Amendments For ESOS as all the Directors are deemed interested in the Proposed ESOS and the Proposed Amendments For ESOS by virtue of them being entitled to participate in the Proposed ESOS.

11. EGM

An EGM, the notice of which is enclosed with this Circular, is to be held at 51st Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur on Wednesday, 11 August 2004 at 11.30 a.m. for the purposes of considering and, if thought fit, passing the relevant resolutions so as to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible so as to arrive at the registered office of the Company not less than forty-eight (48) hours before the time fixed for holding the EGM or at any adjournment thereof. The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

12. FURTHER INFORMATION

Shareholders are requested to refer to the appendices for further information.

Yours faithfully
For and on behalf of the Board
Malayan Banking Berhad

Tan Sri Mohamed Basir bin Ahmad
Chairman