

PART B

PROPOSED AMENDMENTS FOR DIVIDEND PAYMENTS

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 AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN RELATION TO DIVIDEND PAYMENTS

1. INTRODUCTION

On 26 January 2004, Aseambankers, on behalf of the Company, announced that the Company is proposing to amend the Articles of the Company to enable the Company to have the flexibility to make dividend payments in the form of e-payments and / or on-line payments, apart from the conventional methods of payment by cheques or warrants to the shareholders of Maybank, in tandem with recent technological advances.

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 Proposed Amendments For Dividend Payments together with the Board's recommendation, and to seek your approval for the relevant resolution on the Proposed Amendments For Dividend Payments to be tabled at the forthcoming EGM.

2. PROPOSED AMENDMENTS FOR DIVIDEND PAYMENTS

The Articles of the Company are proposed to be amended as follows for the purposes of the Proposed Amendments For Dividend Payments :-

(a) Article 118

To delete and substitute the existing Article 118 with a new Article 118 as follows :-

(i) Existing Article

Any dividend, instalment of dividend, bonus or interest in respect of any share may be paid by cheque or warrant payable to the order of the Member or Senior Member registered in the Register of Members.

(ii) New Article

Any dividend, instalment of dividend, bonus or interest in respect of any share may be paid by cheque or warrant payable to the order of the Member or Senior Member registered in the Register of Members or through a crediting of funds into a specified bank account of such Member or Senior Member.

(b) Article 119

To delete and substitute the existing Article 119 with a new Article 119 as follows :-

(i) Existing Article

Every such cheque or warrant shall be sent by post to the last registered address of a Member or Senior Member appearing on the Register of Members and the Record of Depositors or to such person and to such address as a Member or joint holders may in writing direct and the receipt of such a Member, Senior Member or person aforementioned shall be a good discharge to the Company for all dividends, bonuses or other payments made in respect of such share. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

(ii) New Article

Every such cheque or warrant shall be sent by post to the last registered address of a Member or Senior Member appearing on the Register of Members and the Record of Depositors or to such person and to such address as a Member or joint holders may in writing direct and the receipt of such a Member, Senior Member or person aforementioned or any confirmation of the crediting of funds by the relevant financial institution for which the specified bank account of such Member or Senior Member is held, shall be a good discharge to the Company for all dividends, bonuses or other payments made in respect of such share. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

3. RATIONALE FOR THE PROPOSED AMENDMENTS FOR DIVIDEND PAYMENTS

The Proposed Amendments For Dividend Payments are undertaken to enable the Company to have flexibility in making future dividend payments, in tandem with recent technological advances.

4. EFFECTS OF THE PROPOSED AMENDMENTS FOR DIVIDEND PAYMENTS

The Proposed Amendments For Dividend Payments will have no effect on the share capital, NTA, earnings, substantial shareholders' shareholdings and dividends to be declared by the Company, if any.

5. CONDITIONS TO THE PROPOSED AMENDMENTS FOR DIVIDEND PAYMENTS

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

- (a) BNM which was obtained on 19 January 2004; and
- (b) the shareholders of the Company at the forthcoming EGM.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders of the Company and / or persons connected with them has any interest, direct and / or indirect, in the Proposed Amendments For Dividend Payments.

7. DIRECTORS' RECOMMENDATION

Having considered the rationale of the Proposed Amendments For Dividend Payment, and after due deliberation, the Board is of the view that the Proposed Amendments For Dividend Payments are 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.

8. 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 resolution so as to give effect to the Proposed Amendments For Dividend Payments.

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.

9. 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

APPENDIX I – BY-LAWS OF THE PROPOSED ESOS

1. Preliminary

In this Employee Share Option Scheme (ESOS), unless the context otherwise requires, the following words and abbreviations shall have the following meanings :-

“Act”	:	Companies Act, 1965
“Adviser”	:	An appointed licensed merchant bank advising Maybank on the Scheme
“BNM”	:	Bank Negara Malaysia
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (635998-W)
“CDS”	:	Central Depository System
“Cut Off Date”	:	The date to determine the list of Eligible Persons to participate in the Scheme in respect of the Offer and their relevant allotment of Options shall be 30 June each year, unless otherwise decided by the ESOS Committee and approved by the Board
“Date of Offer”	:	The date inscribed on a particular Offer document, whether electronically or in print, being the date on which an Eligible Person is deemed to have been notified of the Offer by the ESOS Committee
“Eligible Person(s)”	:	The Employee(s) and the Non-Executive Director(s) who are eligible to participate in the Scheme
“Employee”	:	Any natural person employed by any company in the Maybank Group, including any full-time Executive Directors of any company in the Maybank Group and including any Employees seconded to a company, whether private or public, or any government agencies, outside the Maybank Group, but excluding any persons under contract for service including consultants or advisers, secondees from companies outside the Maybank Group and any persons employed by the Maybank Group designated as temporary basis
“ESOS” or “the Scheme”	:	The Maybank Group Employee Share Option Scheme
“ESOS Committee”	:	The committee appointed by the Board to administer the Scheme
“Executive Directors”	:	All Directors of Maybank who are full-time Employees and receive salaries from the Company
“Financial Year”	:	Maybank’s fiscal year starting from 1 July to 30 June
“Grantee”	:	An Eligible Person who has accepted in the manner indicated in Clause 6 hereof an Offer by the ESOS Committee pursuant to Clause 5 hereof
“Independent Directors”	:	Independent non executive directors of the Subsidiaries who are not nominee directors of any shareholders or statutory/governmental authorities
“Listing Requirements”	:	The Listing Requirements of Bursa Securities

APPENDIX I – BY-LAWS OF THE PROPOSED ESOS (Cont'd)

“Market Day”	:	Any day between Monday and Friday which is not a market holiday or public holiday in Malaysia
“Maybank” or “the Company”	:	Malayan Banking Berhad (3813-K)
“Maybank Group” or “the Group”	:	Maybank and its Subsidiaries
“Non-Executive Directors”	:	All non executive directors of Maybank and non executive directors in the Subsidiaries who are nominee directors of Maybank and Independent Directors
“Offer”	:	An offer made by the ESOS Committee to an Eligible Person in the manner indicated in Clause 5 hereof
“Option”	:	The right of a Grantee to subscribe for Shares in the capital of Maybank pursuant to the contract constituted by acceptance by him in the manner indicated in Clause 6 hereof of the Offer made to him by the ESOS Committee, and where the context so requires, means any part of the Option as shall remain unexercised
“Option Period”	:	A period commencing from the date of the last approval from the relevant authorities and expiring at a date which the ESOS Committee may in its discretion determine provided that no Option Period shall extend beyond the period referred to in Clause 18 hereof
“Option Price”	:	The price at which a Grantee shall be entitled to subscribe for new shares as set out in Clause 8 hereof
“SC”	:	Securities Commission
“Share(s)”	:	Ordinary share(s) of one Ringgit Malaysia (RM1.00) each in Maybank
“Subsidiary” or “Subsidiaries”	:	The subsidiary or subsidiaries of Maybank as defined in Section 5 of the Act which are not dormant provided always that the Board may from time to time in its discretion exclude or include any subsidiary or subsidiaries of Maybank from the Scheme
“The Board”	:	Board of Directors of Maybank

In this ESOS, unless there is something in the subject or context inconsistent herewith, the singular includes the plural, references to gender include both gender and the neuter.

2. Maximum Number Of New Shares Available Under The ESOS

The maximum number of new Shares which may be available under the ESOS shall be fifteen percent (15%) of the total number of the issued and paid-up capital of Maybank, at any point of time during the existence of the ESOS as referred to in Clause 18 hereof.

Notwithstanding this provision, in the event that the aggregate number of Options exercised and Options offered under the ESOS exceeds the aggregate of fifteen percent (15%) of the issued and paid-up capital of Maybank as a result of the Company purchasing its own shares in accordance with the provisions of Section 67A of the Act or undertaking any other corporate proposal and thereby diminishing its issued and paid-up share capital, then such Options granted prior to the adjustment of the issued and paid-up capital of Maybank shall remain valid and exercisable in accordance with the provisions of the ESOS. In the event of a share buy back by Maybank pursuant to Section 67A of the Act, or any other corporate proposal undertaken by Maybank, where the total Options offered has exceeded the aggregate of fifteen percent (15%) of the issued and paid-up capital of the Company after such share buy back, there should be no further grant of Options at any point thereafter unless and until such time where the number of Options granted and to be granted under the Scheme will not exceed fifteen percent (15%) of the issued capital of Maybank.

Maybank will keep sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options during the duration of the Scheme.

3. 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) above 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 qualifying period under Clause 3(a)(i)(bb) above, 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), 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.

APPENDIX I – BY-LAWS OF THE PROPOSED ESOS (Cont'd)

- (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.

4. Basis Of Allotment of New Shares Under The Option

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) below) 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) below) 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) below, 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) below.

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

APPENDIX I – BY-LAWS OF THE PROPOSED ESOS (Cont'd)

- (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) below) 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) below) 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.

APPENDIX I – BY-LAWS OF THE PROPOSED ESOS (Cont'd)

- (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.

5. Offer

- (a) Upon implementation of the ESOS, the ESOS Committee shall make Offers in writing, whether electronically or in print, to all Eligible Persons who are still in service with Maybank Group or are still a Non-Executive Director on the Date of Offer based on the criteria for allotment set out in Clause 4 above. The actual number of Shares under the Option which may be offered to Eligible Persons shall be the predetermined number of Shares under Clause 4 and PROVIDED ALWAYS that an Offer shall not be less than one hundred (100) Shares.
- (b) Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer in each year to each Eligible Person provided always that the total aggregate number of Shares to be so offered to each Eligible Person (inclusive of Shares already offered under previous Offer, if any) shall not exceed the predetermined number of Shares under Clause 4(c) and 4(d) and provided further always that such Offers shall be made to all Eligible Persons on the same Date of Offer.
- (c) Subject to Clause 9(k), any Employee who is being subjected to any disciplinary proceedings which includes investigation or disciplinary actions (whether or not, such disciplinary proceedings or disciplinary actions may give rise to a dismissal or termination of service) as at the Cut Off Date of the first Offer or any subsequent Offers, shall be made a conditional Offer which can only be exercised on such terms and conditions as may be imposed by the ESOS Committee, upon the full completion of the disciplinary proceedings or disciplinary actions provided the Employee is still in full time service at such time.
- (d) Unless decided otherwise by the ESOS Committee, any Employee who is on any type of no pay leave (excluding prolonged illness leave, as determined by Maybank Group) of a continuous period of ninety (90) days or exceeding ninety (90) days as at the Cut Off Date of the first Offer or any subsequent Offers shall not be made an Offer until the Employee returns to full time service with the Employee's company in the Group, provided he meets the eligibility criteria at such time when an Offer is due to be made.

- (e) Notwithstanding the above, any Employee who is in service as at the Cut Off Date but is on any type of no pay leave (excluding prolonged illness leave, as determined by Maybank Group) of a continuous period of ninety (90) days or exceeding ninety (90) days as at the Date of the first Offer or any subsequent Offers shall be made a conditional Offer which can only be exercised upon his return to full time service with the Company.
- (f) Where an eligible Employee has in aggregate a service period which is less than twelve (12) months but not less than 90 days in respect of a preceding Financial Year, the Employee is eligible for an Offer of Annual Allotment and the number of Shares to be allotted in respect of the Annual Allotment for such Employee shall be prorated accordingly based on the performance rating for the period served in the said Financial Year.
- (g) The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Maybank Group or be a director of the Maybank Group for any reasons whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in Clause 6 hereof.
- (h) Nothing herein shall prevent the ESOS Committee from exercising its discretion to refrain from making any Offers to Eligible Persons for any reasons whatsoever at any time during the Option Period, provided that all unexercised or partially exercised Options granted prior to such decision as aforesaid by the ESOS Committee shall remain exercisable throughout the Option Period.

6. Acceptance

The Offer to participate in the 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, 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.

7. Non-Transferability Of The Option

The Option is personal to the Grantee and cannot be assigned, transferred, charged or otherwise disposed of in any manner whatsoever. Subject to Clause 17 hereof, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company comprised in the Maybank Group.

8. 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 the 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.

9. Exercise Of Option

- (a) No Grantee shall be entitled to exercise any Option granted to him whilst he is on any type of no pay leave (excluding prolonged illness leave, as determined by Maybank Group) of a continuous period of ninety (90) days or exceeding ninety (90) days until he returns to full time service with his company in the Group.
- (b) Except where Clause 17 is applicable, the Shares under the Option granted to an Eligible Person is exercisable as follows :-

ESOS OFFER IN YEAR 1 OF THE OPTION PERIOD

Number of Shares comprised in the Options Granted	Percentage of Options exercisable within each particular year from the Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000	100%	-	-	-	-
10,000 and above	30% ¹	30%	40% ²	-	-

¹30% or 10,000 Shares comprised in the Options, whichever is the higher.

²40% or the remaining number of Shares comprised in the Options unexercised.

ESOS OFFER IN YEAR 2 OF THE OPTION PERIOD

Number of Shares comprised in the Options Granted	Percentage of Options exercisable within each particular year from the Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000		100%	-	-	-
10,000 and above		30% ¹	30%	40% ²	-

¹30% or 10,000 Shares comprised in the Options, whichever is the higher.

²40% or the remaining number of Shares comprised in the Options unexercised.

ESOS OFFER IN YEAR 3 OF THE OPTION PERIOD

Number of Shares comprised in the Options Granted	Percentage of Options exercisable within each particular year from the Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000			100%	-	-
10,000 and above			30% ¹	30%	40% ²

¹30% or 10,000 Shares comprised in the Options, whichever is the higher.

²40% or the remaining number of Shares comprised in the Options unexercised.

ESOS OFFER IN YEAR 4 OF THE OPTION PERIOD

Number of Shares comprised in the Options Granted	Percentage of Options exercisable within each particular year from the Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000				100%	-
10,000 and above				30% ¹	70% ²

¹30% or 10,000 Shares comprised in the Options, whichever is the higher.

²70% or the remaining number of Shares comprised in the Options unexercised.

ESOS OFFER IN YEAR 5 OF THE OPTION PERIOD

Number of Shares comprised in the Options Granted	Percentage of Options exercisable within each particular year from the Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000					100%
10,000 and above					100%

- (c) An Option granted under the ESOS shall be capable of being exercised by notice in writing to Maybank on any Market Day during the Option Period, subject to Clause 9(b).
- (d) The Grantee shall notify Maybank in writing of his intention to exercise the Option. The Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) Shares. Such partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance of the new Shares of his entitlement under the ESOS, if any, subject to Clause 9(b).
- (e) Every such notice to exercise the Option shall be by quoting the relevant Certificate of Option Number and accompanied by a remittance for the full amount of subscription money and other applicable charges in relation to the number of Shares exercised. Maybank shall, within ten (10) Market Days of the receipt of such notice and remittance from the Grantee, allot the relevant number of new Shares to the Grantee, issue a notice of allotment to the Grantee and make an application for the quotation of such Shares.
- (f) Where the maximum percentage of Options exercisable within a particular year, as referred to in Clause 9 (b) above is not fully exercised by a Grantee, the percentage unexercised shall be carried forward to the next year and shall not be subject to the maximum percentage for that next year provided that no Options unexercised shall be carried forward beyond the Option Period.
- (g) Any new Shares comprised in an Option not exercised for in any year of the Scheme may be exercised for in any subsequent years until and including the last year of the Scheme.

APPENDIX I – BY-LAWS OF THE PROPOSED ESOS (Cont'd)

- (h) In the event that an Eligible Person becomes a Grantee after Year 1 of the Scheme, the options granted under the Scheme shall be deemed to commence in the year (each year commencing from the anniversary of the commencement of the Scheme) in which such Grantee is granted the Option, subject always that all Options shall be exercised by the end of Year 5 of the Scheme or such later year arising from any extension in accordance with Clause 18 hereof.
- (i) The Option shall become null and void upon the expiry of the Option Period applicable thereto.
- (j) A Grantee who exercises his Option shall provide the ESOS Committee with his individual/nominee CDS account number in the notice referred to Clause 9(e). The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the individual/nominee CDS account of the Grantee (to be opened/maintained with Mayban Securities Sdn Bhd) and a notice of allotment stating the number of Shares to be credited into the individual/nominee CDS account will be issued to the Grantee and no physical share certificate will be issued.
- (k) Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right at its discretion by notice in writing to that effect, to suspend the right of any Grantee who is being subjected to disciplinary proceedings which includes investigation or disciplinary actions (whether or not such disciplinary proceedings or disciplinary actions may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings or disciplinary actions. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of this Option having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that : -
 - (i) In the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings or disciplinary actions, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option;
 - (ii) In the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice upon pronouncement of the dismissal or termination of service of such Grantee; and
 - (iii) In the event such Grantee is found guilty but no dismissal or termination of service has been imposed, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, on such exercise.

For the purpose of these By-Laws, 'disciplinary proceedings' shall be deemed to have commenced upon the commencement of the investigation on the conduct of the Grantee.

10. Restriction of Sale

Except where Clause 17 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.

11. 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 of Association of Maybank relating to transfer, transmission and otherwise.

12. 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.

13. Alteration of Share Capital During The Option Period

(a) In the event of any alteration in the capital structure of Maybank during the Option Period, whether by way of capitalisation of profits or reserves, distribution of assets (including cash) for which the value of such assets distributed exceed ten percent (10.00%) of the net tangible assets of the Company as at the relevant time, rights issues, consolidation of shares, sub-division of shares, reduction of capital or otherwise howsoever taking place, such corresponding adjustments (if any) shall be made to :-

(i) the number of Shares relating to the Option(s) so far as unexercised; and/or

(ii) the Option Price

as shall be necessary to give the Grantee the same proportion of the issued capital of Maybank as that to which he was entitled prior to the event giving rise to such adjustment by ensuring that the capital outlay to be incurred by the Grantee in exercising his Options remained unaffected.

(b) Any adjustment will be subject to written confirmation from the external auditor of Maybank for the time being that such adjustment is fair and reasonable and it would be final and binding on all parties upon the approval of the ESOS Committee.

(c) An adjustment pursuant to this Clause, shall be made at the following times: -

(i) in the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the date of entitlement in respect of such issue; or

(ii) in the case of a consolidation or subdivision of Shares or reduction of capital or otherwise howsoever taking place, on the Market Day immediately following the date of allotment of Shares of the Company in respect of such consolidation, subdivision or reduction.

(d) The provisions on any adjustment, as governed by Clauses 13(a) and 13(b), shall be subject to the following :-

(i) on any such adjustment the resultant Option Price, if not an integral multiple of one sen shall be rounded up to the nearest one sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a large par value) involve an increase in the Option Price or reduce the number of Option(s) that the Grantee is already entitled to;

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- (ii) no adjustment to the Option Price shall be made which would result in the Shares on the exercise of the Option(s) being issued at a discount to the par value of the Shares and if such an adjustment would but for this provision have so resulted the Option Price payable shall be the par value of the Shares;
 - (iii) if for any reason an event giving rise to an adjustment to the Option Price and/or additional Option(s) to be issued pursuant to Clauses 13(a) and 13(b) is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date in such manner as the ESOS Committee and the external auditor may agree; and
 - (iv) in determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.
- (e) Whenever there is an adjustment as herein provided Maybank shall give notice to the Grantee within twenty-one (21) calendar days of such adjustment in accordance with Clause 13(d) that :-
- (i) the Option Price and the number of Option(s) to be issued have been adjusted;
 - (ii) the event giving rise to the adjustment;
 - (iii) the Option Price and the number of additional Option(s) (if any) in effect prior to such adjustment;
 - (iv) the adjusted Option Price and the adjusted number of Option(s) in issue; and
 - (v) the effective date of such adjustment.
- (f) The provision herein shall not apply where the alteration in the capital structure of Maybank arises from any of the following :-
- (i) an issue by Maybank of Shares or other securities convertible into Shares or rights to acquire or subscribe for Shares to Eligible Persons under this ESOS; or
 - (ii) an issue by Maybank of Shares or other securities convertible into Shares or rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for or in connection with the acquisition of any other securities, assets or businesses; or
 - (iii) an issue of securities as a private placement with interested person(s); or
 - (iv) a special issue of Shares or other securities by Maybank as required by any relevant authority to comply with the policy of the Government of Malaysia on capital participation in the industry; or
 - (v) an issue of Shares arising from the exercise of any conversion rights attached to any convertible securities or rights to acquire or to subscribe for Shares (including the Option(s) herein) previously issued or to be issued by Maybank whether by itself or together with any other issues; or
 - (vi) an issue by Maybank of Shares or other securities convertible into Shares or rights to acquire or subscribe for Shares which is also offered to the Grantee by way of a rights issue; or

- (vii) an issue by Maybank of Shares or securities convertible into Shares or securities with rights to acquire or subscribe for Shares as long as the aggregate number of Shares issued (or in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, the total number of Shares to be issued upon full conversion or full exercise) in any one Financial Year of the Company does not exceed ten percent (10.00%) of the issued and paid-up capital of Maybank as of the date of issue of the Shares or the securities (as the case may be); or
- (viii) a purchase by Maybank on its own Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply :-
 - (aa) if the aggregate number of Option(s) exercised and Option(s) offered by Maybank as at the date of cancellation of Shares so purchased is greater than fifteen percent (15.00%) of the issued and paid-up share capital of the Company after such cancellation, the ESOS Committee shall not make any further Offers; and
 - (bb) if the aggregate number of Option(s) exercised and Option(s) offered by Maybank as at the date of cancellation of Shares so purchased is less than fifteen percent (15.00%) of the issued and paid-up share capital of the Company after such cancellation, the ESOS Committee may make further Offers only until the aggregate number of Option(s) exercised and Option(s) offered and to be offered by Maybank is equivalent to fifteen percent (15.00%) of the issued and paid-up share capital of the Company after such cancellation.
- (g) In the event that Maybank enters into any scheme of arrangement and reconstruction of the Company under Section 176 of the Act, or its amalgamation with any other company or companies under Section 178 of the Act, Clause 13(a) shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of Maybank to which Clause 13(a) is applicable, but Clause 13(a) shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration in the capital structure of the Company to which Clause 13(f) is applicable.
- (h) Notwithstanding the other provisions referred to in Clause 13, in any circumstances where the Board considers that adjustments to the Option Price and/or any additional Option(s) to be issued as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the Option Price and/or the issuance of additional Option(s) should be made notwithstanding that no adjustment or further issuance is required under the provisions hereof, the Company may appoint an external auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such auditor shall consider the adjustment calculation or determination to be inappropriate the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such auditor to be in their opinion appropriate.

14. Quotations Of New Shares

The new Shares referred in Clause 2 hereof and the new Shares (if any) to be allotted to the Grantee shall not be allotted until after the Option is exercised in accordance with Clause 9 hereof and approval for listing and quotation on the Bursa Securities of such new Shares has been obtained by Maybank from the Bursa Securities. Maybank will, following the exercise of an Option, make an application to the Bursa Securities for such permission, and will use its best endeavours to obtain such permission.

15. Administration

The ESOS shall be administered by the ESOS Committee consisting of such persons duly appointed by the Board from time to time. The Board shall have power from time to time to rescind the appointment of any person on the ESOS Committee where the Board deems fit.

The ESOS shall be administered by the ESOS Committee in such manner as it shall in its discretion deem fit, which such powers and duties as are conferred upon it by the Board including :-

- (a) Subject to the provisions of the ESOS as stipulated in the By-Laws, construe and interpret the ESOS and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS or in any arrangement providing for an Option in a manner and to the extent it shall deem necessary or expedient to promote the best interests of Maybank Group; and
- (b) Determine all questions of policy and expediency that may arise in the administration of the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of Maybank Group.

16. Amendment And/Or Modification To The ESOS

- (a) Subject to Clause 16(b), the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these 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 these By-Laws provided that no additions, amendments or deletions shall be made to these 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; or
 - (iii) provide an advantage to any Option holder or group of Option holders or all Grantees.

17. Readjustments and/or Termination Of The Option

- (a) In the event of the cessation of employment of the eligible Employee (who has accepted the Options granted pursuant to Clause 6 hereof), whether by the eligible Employee or by Maybank or by any of the companies comprised in the Maybank Group for whatever reason prior to the exercise of an Option, such Option shall forthwith cease to be valid with effect from his notice of termination without any claim against the Company PROVIDED ALWAYS THAT subject to the written approval of the ESOS Committee in its discretion, if such cessation occurs by reason of :-
 - (i) ill-health, injury or disability;
 - (ii) redundancy;

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- (iii) contract has expired but not subsequently renewed; and
- (iv) any other circumstances which is acceptable by the ESOS Committee during the Option period

such Option shall remain exercisable on such terms and conditions as imposed by the ESOS Committee as it deems appropriate during the Option Period.

- (b) If an eligible Employee retires before attaining the normal retirement age but after attaining the age of fifty (50) years and above, he shall be entitled to continue to exercise all his unexercised Options within the Option Period in accordance with Clause 9 hereof. Where an eligible Employee retires upon attaining the normal retirement age in accordance with his terms and conditions of service, such eligible Employee shall be entitled to continue to exercise all or part of his unexercised Options at any time within the Option Period.
- (c) In the event an eligible Non-Executive Director (who has accepted the Option granted pursuant to Clause 6 hereof) is removed as a non-executive director of the Maybank Group, the Option shall be terminated forthwith provided always that where he resigns as a non-executive director or where he retires on the expiry of his term of approval by the relevant authority or retires by rotation pursuant to the Articles of Association of the Company and does not offer himself for re-election, such Non-Executive Director shall be entitled to continue to exercise all or part of his unexercised Options at any time within the Option Period.
- (d) Where a Grantee predeceases prior to the expiry of the Option Period, the legal representative(s) of such Grantee shall be entitled to continue to exercise all or part of his unexercised Options at any time within the Option Period.
- (e) In the event of the liquidation of Maybank, all unexercised or partially exercised Options shall lapse.
- (f) Unless otherwise decided by the Board, in the event of a takeover offer being made to the Company by way of general offer or otherwise or the court sanctioning a compromise or arrangement between Maybank and its members in connection with a scheme of arrangement and reconstruction of the Company under Sections 176 and/or 178 of the Act, all unexercised or partially exercised Options shall lapse on the date such offer shall become or being declared unconditional or the scheme being fully implemented or on such date specified by the ESOS Committee, as the case may be.
- (g) If a Grantee who was in the employment of a company in the Group or who was a Non-Executive Director of a Company in the Group which was subsequently divested, then such Grantee shall :-
 - (i) notwithstanding such divestment or any of the provisions of any By-Laws herein, be entitled to continue to exercise all such unexercised Options which were granted to him under the ESOS within a period of six (6) months from the date of such divestment (within the Option Period), failing which the right of such Grantee to subscribe for that number of the new Shares under his Options shall, together with the remainder of this Option, automatically lapse and be null and void and of no further force and effect; and
 - (ii) not be eligible to participate for further Offers under the Scheme.

- (h) The ESOS Committee reserves the right at its discretion to readjust the basis of allotment of Shares under Clause 4 and the number of Options granted to the Grantee pursuant to Clauses 6 and 9 or to terminate the right of the Grantee to exercise his Option in the event the ESOS Committee is of the opinion that the method of computation of any of the eligibility criteria was erroneous based on the information provided by the Eligible Person upon which the Offer was made to the Eligible Person by the ESOS Committee.

18. 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 the Bursa Securities of full compliance pursuant to Clause 18(a)(i) above 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) above 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.

19. Termination of the Scheme

- (a) Notwithstanding Clause 18, Maybank may at any time terminate the Scheme provided all the following conditions are fulfilled : -
- (i) obtained the consent of its shareholders at a general meeting, wherein at least a majority of the shareholders present and voting thereat, voted in favour of the termination; and
 - (ii) obtained the written consent of all the Grantees who have yet to exercise their Options, either in part or in whole.

Notwithstanding Clause 9, in the event of termination of the Scheme as set out in this Clause, the ESOS Committee shall have the discretion to require all the unexercised Options to be exercised by the Grantee within such period as specified by the ESOS Committee.

- (b) In seeking to obtain the consent of the shareholders and the Grantees, where applicable, for the termination of the Scheme as set out in Clause 19 (a) hereof, Maybank must provide sufficient information of the following :-
- (i) rationale for the termination;
 - (ii) whether or not the termination of the Scheme would be in the best interests of the Maybank Group; and
 - (iii) any other information that would justify termination of the Scheme.

20. Dispute

In case of any dispute or difference shall arise between the ESOS Committee and an Eligible Person or Grantee, as the case may be, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Person or Grantee, as the case may be unless the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute or difference shall be referred to the Board whose decision shall be final and binding in all respects.

21. Compensation

No Eligible Person or Grantee shall bring any claim against Maybank Group for any compensation or the ESOS Committee or any other party for compensation or damages arising from his Options ceasing to be valid pursuant to the provisions of these By-Laws, as the same may be amended from time to time in accordance with Clause 16.

22. Inspection Of The Audited Financial Statements

All Eligible Persons are entitled to inspect the latest audited financial statements of Maybank during normal office hours, at the registered office of Maybank at 14th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.

23. Cost And Expenses

Maybank will bear all costs of and incidental to the setting-up and administration of the ESOS.

24. Not A Term Of Employment/Appointment

This ESOS does not form part of nor shall it in any way be construed as part of the terms and conditions of employment of any Employee, or terms and conditions of appointment for any directors on the boards of Maybank Group as the case may be.