

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in Malayan Banking Berhad ("**Maybank**" or "**Company**"), you should immediately hand this Circular together with the accompanying Form of Proxy to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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Maybank

MALAYAN BANKING BERHAD

(Company No.: 3813-K)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

in relation to the

PART A

- **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 ESOS");**
- **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 ORDINARY SHARES OF RM1.00 EACH; AND**
- **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION FOR THE PROPOSED ESOS.**

PART B

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN RELATION TO DIVIDEND PAYMENTS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Part A Advised By



AmMerchant Bank Berhad

(23742-V) A member of the AmBank Group

The Notice of an Extraordinary General Meeting of the Company 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. together with the Form of Proxy are enclosed with this Circular. Shareholders are advised to refer to the Notice of the Extraordinary General Meeting and the Form of Proxy. The Form of Proxy should be lodged at the registered office of the Company at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the meeting if you are able to do so.

The last day and time for lodging the Form of Proxy is on Monday, 9 August 2004 at 11.30 a.m.

This Circular is dated 20 July 2004

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply :-

Act	- The Companies Act, 1965 and includes any amendments thereto
AmMerchant Bank	- AmMerchant Bank Berhad (23742-V)
Article(s)	- The Article(s) of Association of Maybank as amended from time to time
Aseambankers	- Aseambankers Malaysia Berhad (15938-H)
Board	- The Board of Directors of Maybank
Bursa Securities	- Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (635998-W)
BNM	- Bank Negara Malaysia
By-Laws	- The rules, terms and conditions of the Proposed ESOS
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
EGM	- Extraordinary General Meeting
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
EPS	- Earnings per Share
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 of the By-Laws an Offer by the ESOS Committee pursuant to Clause 5 of the By-Laws

DEFINITIONS (CONT'D)

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
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
Memorandum	-	The Memorandum of Association of Maybank as amended from time to time
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
NTA	-	Net tangible assets
Offer	-	An offer made by the ESOS Committee to an Eligible Person in the manner indicated in Clause 5 of the By-Laws
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 of the By-Laws 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 of the By-Laws
Option Price	-	The price at which a Grantee shall be entitled to subscribe for new Shares as set out in Clause 8 of the By-Laws
Previous Proposal	-	The proposed ESOS as announced by the Company on 1 August 2003 prior to incorporating recent changes to the SC Guidelines and Listing Requirements with respect to ESOS
Proposals	-	Collectively, the Proposed ESOS, the Proposed Increase In Authorised Share Capital and the Proposed Amendments For ESOS
Proposed Amendments For Dividend Payments	-	Proposed amendments to the Articles 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 conventional methods of payment by cheques or warrants to the shareholders of the Company, in tandem with recent technological advances
Proposed Amendments For ESOS	-	Proposed amendments to the Memorandum and Articles for the Proposed ESOS
Proposed ESOS	-	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

DEFINITIONS (CONT'D)

Proposed Increase In Authorised Share Capital	-	Proposed increase in the authorised share capital of Maybank from RM4,000,000,000 to RM10,000,000,000 by the creation of an additional 6,000,000,000 new Shares
RM and sen	-	Ringgit Malaysia and sen respectively
SC	-	Securities Commission
SC Guidelines	-	SC's Policies and Guidelines on Issue / Offer of Securities
Share(s)	-	Ordinary share(s) of RM1.00 each in Maybank
Subsidiary Subsidiaries	or -	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

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