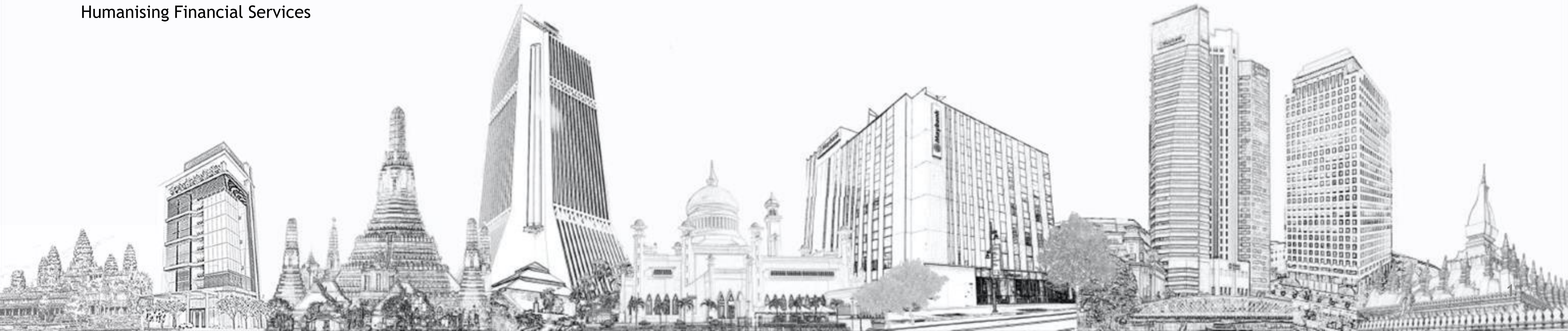
64th Annual General Meeting

Presentation to Shareholders
Questions from Permodalan Nasional Berhad (PNB)

25th April 2024

Maybank

Humanising Financial Services



Specific to AGM Resolution(s): Auditor's Remuneration

1. *[Please refer to Ordinary Resolution 8 and Note 42 on Pg 153 of Annual Report 2023 – Financial Statements]*
   Statutory audit fees increased by ~30% from RM26.6 million in FY2022 to RM34.7 million in FY2023.
   What caused the increase in the above fee?

The increase in auditor's remuneration is attributable to additional audit scope for the Group, primarily the validation fees for the adoption of the major new accounting standard - MFRS 17 *Insurance Contracts* by the insurance entities, new regulatory updates across jurisdictions and implementation of new policies for the Group.

The adoption of MFRS 17 entails a significant overhaul in the accounting for insurance contracts/takaful certificates and changes across data, systems and processes within the Group. Consequently, auditors were required to perform additional audit procedures on the implementation including Day-1 adoption impact, models validation and restatements, which translated into higher overall audit man-days and fees.

Maybank Group Results / Outlook

2. [*Please refer to Pg 20 of the Integrated Annual Report 2023*]
   Net operating income grew 3.3% yoy to RM27.36 bil, driven by strong non-interest income ("NOII") but mitigated by lower net fund based income.

   a) **Given that interest rates across home markets have returned to pre-pandemic level, are there any other factors beside deposit competitions, that are preventing NIM from rebounding back to the pre-pandemic level?**

      Aside from deposit competition, other factors that could prevent net interest margins (NIM) from rebounding to pre-pandemic levels include increased geopolitical risks (arising from general elections and ongoing political conflicts), rising inflation that keeps interest rates elevated, heightened market uncertainties and foreign exchange volatility. Over time, we can expect competition on the financing front to also impact NIM.

Maybank Group Results / Outlook

b) In the environment of anticipated stable interest rates and improvement of local currency, what are the plans to ensure that NOII will continue to improve in line with M25+'s fee income percent target of 32%?

The Group is well positioned to capture opportunities presented by key economic growth drivers such as the growing affluent population and improving regional trade post supply chain disruption due to COVID-19. As part of our ongoing efforts to maintain our trajectory towards achieving our M25+ target, the Group has identified seven key focus areas across its businesses and customer segments to further drive uplift in the Group's income for FY2024. These focus areas include wealth management (including Islamic wealth management), non-retail (with a specific focus on SME), global market sales, cash management, the mid-cap segment, bancassurance and motor insurance. We will continue to enhance our propositions in these key areas to expand and diversify NOII with a focus on client centricity and accelerating roll outs of solutions to address end-to-end customer lifestyle and business needs that deepen relationships with existing customers and acquire new ones.

3. [*Please refer to Pg 45 of the Integrated Annual Report 2023*]
"Five digital banks are expected to commence operations by April 2024, but are unlikely to pose much of a competition to incumbents anytime soon."

a) Why the digital banks are unlikely to pose competition to the incumbents in an immediate terms? What are the target customer segments of the digital banks and has Maybank penetrated in that segments? If not, why?

While the digital banks are expected to commence operations by April 2024 and add to the number of banks in the country, the threat to the incumbent banks in the immediate term is limited by the following factors:

- During the foundational phase, i.e. over the next five years, Bank Negara Malaysia (BNM)'s digital banking framework caps the assets of the digital banks at RM3 billion, which will be in place, potentially until 2029.
- The underlying objective of these digital banks is to serve the unbanked population, which represents just 8% of the Malaysian population, according to BNM statistics. This is a segment that the incumbent banks are not active in.

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Maybank Group Results / Outlook

- Ahead of the potential threat from digital banks, the incumbent banks have stepped up spending on their own technology, digital and analytics capabilities. The incumbent banks already have their own captive clients for which they can seek to enhance loyalty from, by stepping up on their own digital offerings.
- Judging from global trends, digital banks are unlikely to venture into bigger ticket consumer lending e.g.: auto financing or mortgages. They will likely restrict themselves to personal financing/credit card financing, which cumulatively, account for just about 10% of total banking system loans.

Where we may see more intense competition in the near term could be on the deposit front, as the digital banks embark on customer acquisition. However, this is not a sustainable strategy, given the potential erosion to margins and profitability.

Despite having captured more than 50% of the digital payment market share in Malaysia, Maybank continues to serve all segments through a multi-channel approach and has leveraged its digital platforms to help democratise some of these services.

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Maybank Group Results / Outlook

In serving the underserved, we recently launched our Goal Based Investment feature that simplifies the investment process, ensuring accessibility for all with investments starting as low as RM200.

Our earlier initiatives such as Home2u, SME Digital Financing, and SME accounting software integration are examples of how Maybank is diversifying its offerings to cater to the specific needs of our customers. SME digital financing provides a simple and easy way to obtain financing for companies who have been in operation above one year.

We will leverage our large customer data base to develop hyper-personalised solutions for customers from all segments. In parallel, we are expanding our ecosystems within and beyond banking through partnerships to be more pervasive and serve customers at their point of need.

b) Would digital banks be a threat to the incumbents in the longer term?

The entry of digital banks into the local banking industry is a positive development. The increase in options of financial services and products for consumers, coupled with healthy competition, will only serve to benefit the end customer.

We recognise that digital banks' use of modular, scalable tech stacks and their potential ability to utilise data more efficiently to personalise offerings to customers may allow them to accelerate their growth in the short to medium term. This is the reason why accelerating digitalisation and technology modernisation is one of the five strategic thrusts under our M25+ corporate strategy, and why Maybank has long been at the forefront of digital solutions for customers, with industry-first innovations such as Maybank2u, MAE, Sama-Sama Lokal, SME Digital Financing and Maybank2uBiz. Building on these achievements, we will continue to focus on solving the pain points felt by customers across various life/financial moments. We envision ourselves as Life Advisors, supporting both retail and business customers across their life stages by recommending solutions tailored to their current and anticipated needs.

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Maybank Group Results / Outlook

We will intensify our understanding of the customer journey by adopting agile methodology and continuous user research, delivering solutions in shorter sprints. In parallel, and as a key enabler, the banking tech infrastructure will be modernised to enable seamless integrations within and beyond the bank.

On a positive note, we believe there are opportunities to collaborate with digital banks on providing wholesale services and/or B2B2C (business-to-business-to-consumer) offerings.

Maybank Group Results / Outlook

4. Basel III reforms

How will this impact the Group's capital adequacy and subsequently dividend payment's capability?

For Malaysia, BNM will be implementing the Basel III Reforms proposals over a multi-year period in phases, starting with the standardised approach for operational risk (ORWA) in 2025 and followed by a phased implementation for credit risk, market risk and others up to 2030. Maybank has established a task force to address the impact to the lines of businesses, counter measures and business strategies while seeking regular industrial inputs from the regulator.

At this juncture, ongoing assessment is being made on the potential impact on capital adequacy in line with the guidance released by BNM to-date.

Maybank Group Results / Outlook

5. *[Please refer to Pg 44 of the Integrated Annual Report 2023]*
   In 2023 operating landscape, it was mentioned that “Bank Indonesia (“BI”) raised reference rates by a total of 50bps, with a surprise hike in October to defend the Indonesia Rupiah (“rupiah”) amid surging US yields”. The 2024 outlook meanwhile stated that “BI is expected to cut rates as easing US Federal Reserve (“Fed”) rates provide leeway to relax policy”.

   The rupiah, however, has weakened steadily since the beginning of the year, reaching a four-year low against the US dollar on April 16, 2024. The Fed's recent statement on April 17th indicating sustained higher rates due to inflation likely means continued pressure on the rupiah.

   a) How likely the BI will increase the reference rate as opposed to cutting rate as anticipated earlier to keep the rupiah stable?

      Given the increase in reference rate by BI on 24 April 2024 of 25bps to 6.25%, our house view is that the reference rate will remain at 6.25% this year but potentially reduce in 2025.

Maybank Group Results / Outlook

b) What would be the outlook for Indonesia's banking sector in view of the mixed signal from the upcoming president with a bullish stance on economic growth (8% within 5 years) whilst at the same time pursuing sizeable spending on public infrastructure and services (e.g. building more hospitals and free school meal)?

The outlook for Indonesia's banking sector appears to lean towards the positive side, especially if the ambitious economic growth goals set by the incoming President come to fruition. Looking ahead, increased fiscal spending is expected to bolster domestic liquidity, while improved economic growth will drive loan expansion. Presently, we anticipate continued pressure on NIMs with industry loan growth projected to be around 10% this year. Although loan growth remained robust at 11.3% YoY in February 2024, deposit growth trailed behind at only 5.4% YoY. Funding competition is expected to be intense to support asset growth, contributing to a moderation in NIM throughout the year.

Maybank Group Results / Outlook

c) **Considering the above factors, what would be the potential impacts to Maybank Indonesia's performance compared to the initial projections/assumptions and ultimately, to Maybank Group?**

Maybank Indonesia is optimistic to capture strong loan growth across the Bank's key business segments in 2024, aligned with the achievement in first quarter of 2024. By the same token, the Bank will also take a conservative approach to reinforce its fundamentals to maintain its asset quality at a satisfactory level.

Maybank Indonesia will continue with the implementation of Strategic Programme (SP) 7 'Uplift Indonesia' as an integral part of Maybank Group's M25+ strategy focusing on 'super growth' areas covering the global banking segment (LCC), small medium enterprise segment (SME+ and Retail SME) as well as retail segment of auto loans.

Maybank Indonesia is expected to grow and further strengthen Maybank Group's business position and franchise in Indonesia as Maybank Indonesia is earmarked as one of the growth drivers under our M25+ strategy.

Group Islamic Banking

6. *[Please refer to Pg 100 of the Integrated Annual Report 2023]*
   "Overheads increased 26.0% yoy mainly from Maybank Islamic Berhad due to higher shared services cost, resulting in cost to income ratio (CIR) increasing to 39.3% from 30.5%."

   a) **In FY22, the overheads increased by 29.5% yoy mainly from higher personnel cost *[Please refer to Pg 68 of the Integrated Annual Report 2022]*. Is the significant increase in overheads expected to continue in the next few years?**

   The overheads increase for Group Islamic Banking (GIB) in FY2022 and FY2023 were mainly from shared services costs in Maybank Islamic Berhad (MIB). This was largely related to the conclusion of collective agreements in FY2023. We expect cost increase to normalise and significantly moderate moving forward to around 8%, in line with historical trends prior to FY2022.

   b) **What level of CIR that Maybank intended to maintain for the Group Islamic Banking?**

   Maybank Group's overall CIR guidance for FY2024 is <49% and we expect to maintain a lower CIR for GIB.

Group Islamic Banking

7. [*Please refer to Pg 255 & 264 of the Integrated Annual Report 2023*]
   Gross financing and advances grew by 6.7% yoy while deposits (deposits from customers + investment accounts) only grew by 1.1% yoy, translated into financing to deposit ratio that close to 100%.

   a) **Will the slower growth of deposits affect growth of financing going forward?**

   Financing growth for FY2024 is projected to be at least in line with industry growth. The slower deposits growth in FY2023 was as a result of MIB's deliberate strategy to avoid paying up for expensive deposits in order to protect net profit margin. We will continue to pursue deposits growth sustainably focusing on value propositions to our customers, including non-rate proposition to support financing growth.

   b) **What level of financing to deposit ratio that Maybank considers to be comfortable?**

   The Financing to Deposits Ratio level ranges between 92% to 97%. For liquidity management, the Bank focuses on Liquidity Coverage Ratio (LCR) and this ratio has been maintained above the regulatory minimum of 100%. As at the end of 31 December 2023, the LCR ratio stood at 136.3%.

Group Islamic Banking

8. [*Please refer to Pg 98 of the Integrated Annual Report 2023*]
   The launch of Maybank's regional offshore global Islamic wealth management (GIWM) hub in Singapore.

   Maybank outlined its 2025 GIWM investment target AUM of USD4.4 billion alongside other strategic goals. To gain further clarity, could you please elaborate on the specific targets Maybank management has set for the GIWM as well as for Group Islamic Banking for 2024?

The AUM for GIWM grew by 19% YoY in FY2023 at USD2.2 billion, and we anticipate the double digit growth rate to continue through up to 2025 towards achieving the USD4.4 billion target, subject to the prevailing market conditions.

In line with our efforts to provide value added growth to Maybank Group as a whole, we are building up our capacity to enhance the GIWM proposition and customer journey in key areas encapsulating product bandwidth, sales productivity and talent building.

Sustainability

9. *[Please refer to Pg 16 of the Integrated Annual Report 2023]*
   Maybank's myimpact card allows its users to track and offset their carbon footprint directly via the Maybank MAE app and Maybank2U website.

   a) **What is the current take-up rate of the myimpact card? Are consumers and businesses receptive to this new product?**

      As at 31 December FY2023, a total of 6,669 myimpact credit cards (of which 3,557 are Islamic myimpact credit cards) have been approved since its launch in August 2023.

      Looking forward into 2024, we continue to promote sustainability practices and build awareness on reducing carbon footprints through the card's various carbon offset features, as an initial offering.

   b) **Is Maybank working with a third-party provider to ensure the validity/accuracy of these carbon footprint estimates, and how does the carbon offsetting mechanism work?**

      The carbon footprint tracker is supported by Verrency.

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Sustainability

Verrency applies a robust and evaluative methodology to ensure continued refined estimation of carbon impacts; at its essence, Verrency aligns industry sourced emissions data to a user's payment information to calculate an estimate of CO_2e per transaction. Key process steps to ensure the validity and accuracy include:

i. Continued sourcing of appropriate and qualified emission data from validated authorities or academics
ii. Cleansing of payment data
iii. Attribution of emissions data at industry level
iv. Ongoing calibration of the data based off market, merchant, user behaviour and industry segment
v. Validation and audit from external auditors

Sustainability

c) **Can we get a snapshot of upcoming products and services that Maybank plans to introduce under the myimpact brand, other than the recent myimpact SME?**

At Maybank, we are committed to developing customer-centric propositions that embed the five core principles of myimpact, focusing on our three main pillars: customer solutions, customer experience, and customer remedial & recovery.

The five core principles of myimpact are as follows:

i. Promote economic value creation whilst eliminating oppressive, speculative & harmful activities
ii. Transparency & fair dealings
iii. Uphold excellence in quality-of-service delivery
iv. Financial Inclusivity
v. Preservation of the Environment

All in all, our myimpact offerings serve as a strategic differentiator, driving not only financial value but also economic value for Maybank Group, our customers and the communities we serve, while addressing social and environmental challenges.

M25+

10. [*Please refer to Pg 19 & 20 of of the Integrated Annual Report 2023]*
 Of M25+ budget of up to RM4.5 billion allocated for the next 3 years (by 2025) to 5 years (by 2027), RM577 mil have been committed so far (in FY22 and FY23). We noted on pg20 that Maybank spent RM304.7 million on M25+ strategic programmes.

 Do you expect this number of ~RM300 million to be the annual spending? If not, what year do you expect for Maybank to spend the most and what will the quantum looks like?

 We anticipate that the investments made under the M25+ plan will likely rise in FY2024 and remain elevated in FY2025, before starting to taper down. These investments are meant to support our five M25+ strategic thrusts and 13 strategic programmes.

11. [*Please refer to Pg 60 of the Integrated Annual Report 2023]*
While a significant portion of M25+ spending goes towards technology, BNM on April 9, 2024, however published a press release enquiring two largest banking institutions (including Maybank) to provide explanations on the recent banking services outages.

Could you clarify what actually happened and what are the steps taken by Maybank to prevent future occurrences?

On 5th April 2024, Maybank experienced service disruption in Malaysia at approximately 9.20 pm for three of our services, namely debit card, online banking and ATM services. The disruption temporarily prevented our customers from making online payments as well as performing banking transactions. Our services were restored by 11.34 pm as Maybank worked diligently to rectify the service disruption.

We will continue to intensify our efforts to boost our technology resiliency and the robustness of our systems to address such an incident from recurring, and are actively engaging with the regulators (BNM). We extend our sincere apology for the inconvenience caused to our customers and stakeholders arising from this service disruption.