



Together Through
Generations

60th Annual General Meeting

Presentation to Shareholders
by Datuk Abdul Farid Alias, Group President & CEO
26th June 2020



Macroeconomic headwinds affecting operating landscape

Major undercurrents from 2018 set the tone throughout 2019...

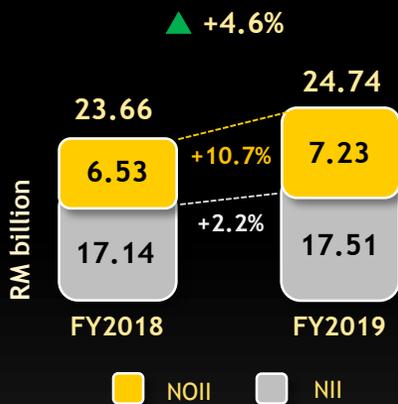
- Dawn of the US-China trade war in 2018 continued to dampen global trade activities and cause financial market volatility
- US sanction waivers on Iran crude oil results in oversupply concerns
- Slower economic growth seen globally and in key ASEAN economies, while interest rate normalisation comes to an end
- Fiscal policy uncertainties following change of ruling party in Malaysia's 14th general election
- Liberalisation of Singapore's energy market compounded by growing overcapacity issues
- Political uncertainties ahead of national elections (i.e.: Indonesia's Presidential Election)

...and weighed on our home markets' FY2019 performance

- Home markets' economic growth was affected by disruptions in commodity-related sectors, slower trade activities and weaker external demand
- Low interest rate environment across our home markets, with intensified market competition on asset and liability pricing in Indonesia, led to overall Group NIM compression
- In Malaysia, corporate lending remained soft over uncertainties on medium to longer term national economic development plans
- Asset quality weakness in some business borrowers in international markets arising from trade war fallout and specific sectorial weakness

Despite a weaker external environment, Maybank Group delivered a solid FY2019 performance

1 Net operating income up 4.6% YoY supported by:



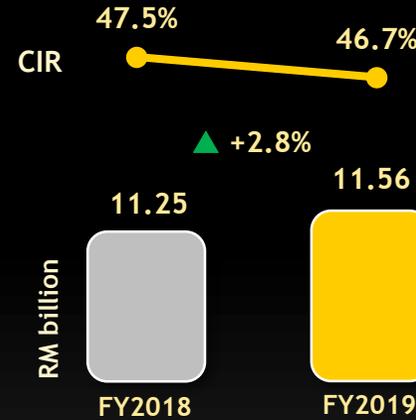
Net fee based income (NOII):

- Stable core fees
- Realised trading and investment bond-related gains given low yield environment

Net fund based income (NII):

- Malaysia loan growth of 4.9%.
- Offset by soft overseas markets on external demand weakness
- Group NIM compressed 6 bps on low interest rate environment

2 Low single-digit overheads growth of 2.8% YoY:



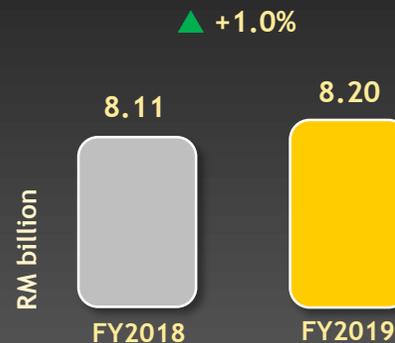
- Lowest cost-to-income ratio (CIR) in almost a decade
- Achieved positive JAWs of 1.8%

3 Pre-provisioning operating profit (PPOP) grew 6.1% YoY:



- As income growth of 4.6% outpaced overheads growth of 2.8%

4 New record high net profit of RM8.20 billion:



- Strong PPOP growth offset by higher provisioning made for specific business segments in overseas markets on external weaknesses
- However, net profit still grew, with earnings per share of 73.5 sen and Group return on equity (ROE) of 10.9% for FY2019

Key highlights of 2019



**Group Community
Financial Services (CFS)**
PBT growth of 16.5% YoY to
RM6.49 billion

Supported by solid franchise growth, advancement in Wealth Management and digital innovations in products and services



Group Insurance & Takaful
Leading Bancassurance player
and Motor Insurance/ Takaful
provider in Malaysia

Driven by digitalisation for operational efficiencies, leading online insurance market share, revitalised agency force and the Insurance Advisors programme



Group Islamic Banking
21.7% YoY growth in PBT; and
established Maybank's first Islamic
branch in Dubai-DIFC

Strong growth driven by expansion in Islamic financing. Expanded our global footprint, to form the link between businesses in ASEAN and the Middle East

Key Awards in 2019

- We received '**Brand of the year**' award for the sixth consecutive year at the 2019 World Branding Awards 
- Inducted into the **Putra Brand Awards Hall of Fame in 2019** for winning the top award in the banking, investment and insurance category for 10 consecutive years
- Top award at **PwC's Building Trust Awards 2019**, as recognition of the company's effort to build trust through communications and interaction with stakeholders

Highlights of our sustainability initiatives in 2019



Group Sustainability Council

We formed a dedicated Group Sustainability Council in 2019 to ensure a holistic integration of our sustainability approach



ESG Specialist Client Support Teams

We established an ESG specialist team within the bank to support our clients with operations that can adversely impact the environment and society



ESG Driven Lending Principals

We incorporated ESG principles into our lending decisions, in the form of Risk Acceptance Criteria for high ESG risk sectors such as forestry and logging, oil and gas, palm oil and mining and quarrying. This will be progressively rolled out to other sectors such as power, chemicals and shipping.

Other considerations in our RAC include:

- ESG related certifications
- Social risk (such as health and safety, human rights)
- Environmental risk

ESG Investments

Participated in:

- World's first Green Belt and Road inter-bank regular Cooperation Bond
- Cypark Ref Sdn. Bhd.'s sustainable and responsible investment sukuk

Sustainability Accolades



Digital highlights for 2019

Products & Services



MAE

A lifestyle-themed e-wallet, available to anyone above 12 years of age without the need to have a pre-existing Maybank account



Tap2Phone

First bank in SEA to launch this payment solution for merchants to accept card payments through a mobile app instead of a POS terminal



Smile App

Etiqa's all-in-one app that enables customers to access their policy details, the panel of service providers, submit claims and more



Etiqa API Portal

Enables third party software developers to build new applications around Etiqa's products and services, enabling easier integration of Etiqa's solutions on their platforms



SWIFT gpi

First local bank in Malaysia to introduce SWIFT gpi that enables clients to enjoy speedier, more convenient and secure cross border remittances

Customer Experience & Operational Efficiencies

- Rolled out M2U Live Chat for premier banking customers
- In-house development of integrated capital adequacy and risk management system, CARisMa
- More facilities for Grab merchants and customers through our Grab partnership
- Improved daily banking availability rate to almost 24/7 online real-time access

Futureproofing Maybankers

- Launched Crowdtivation
- Staff based at branch and Premier Wealth centres equipped with digital social learning tools
- Introduced gamified online learning platforms for employees to learn coding for analytics
- New AI learning tool for employees to apply analytic algorithms to their jobs

Heightened challenges in 2020 operating landscape

Ending 2019 with persisting uncertainty...

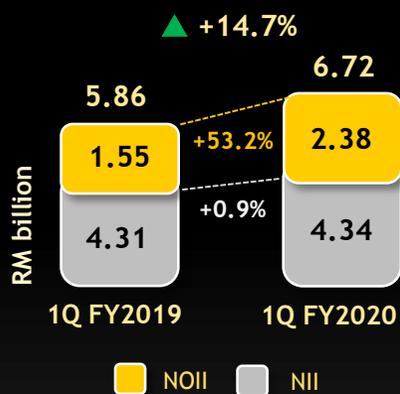
- Initial spread of COVID-19 in China in December 2019 was expected to weigh on economic growth, impacting specific sectors such as hospitality, transportation and F&B
- Lower interest rate environment to persist globally post-normalisation
- Accommodative monetary and fiscal policies in the ASEAN region was expected to provide boost for economic growth
- Some optimism with “Phase 1” trade deal between the US and China, but potential for re-escalation of dispute remained
- Continued geopolitical developments such as the US Presidential Election and tensions in the Middle East to impact markets

...but took an unexpected turn with the global outbreak of a virus

- With the rapid spread of the COVID-19 virus in 1Q'20, restrictive movement measures and national border closures were undertaken by governments globally to slow the spread of the virus. Such measures have impacted many sectors and communities
- Falling global demand, lower commodity prices, supply chain disruptions, weaker domestic demand and labour market dislocation will see economies either contract or chart much lower growth rates than 2019
- To mitigate the impact, economic stimulus packages and aggressive interest rate cuts were rolled-out by governments and central banks worldwide to provide assistance and relief to affected individuals and businesses

Maybank's 1Q FY2020 performance remained strong on fee income growth as the health crisis had just begun

1 Net operating income grew 14.7% YoY supported by:



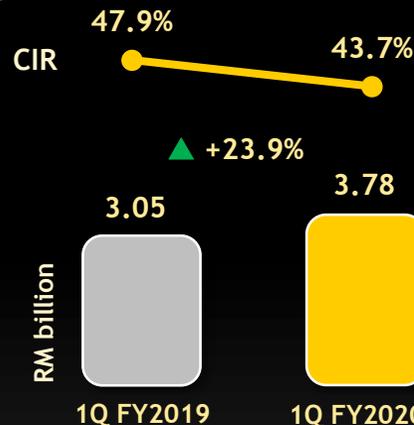
Net fee based income (NOII):

- Realised bond disposal gains and unrealised derivative gains
- Higher net earned insurance premiums and lower contractual liabilities

Net fund based income (NII):

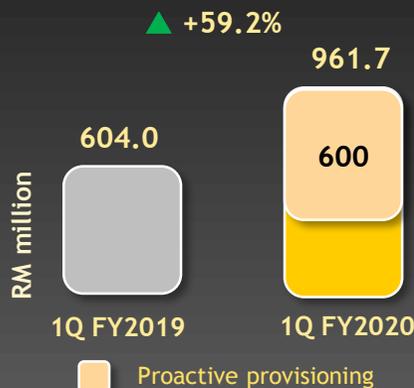
- Malaysia loan growth of 5.0%
- Offset by softer overseas markets
- Group NIM compressed 7 bps YoY on aggressive interest rate cuts globally

2 PPOP improved by 23.9% YoY driven by:



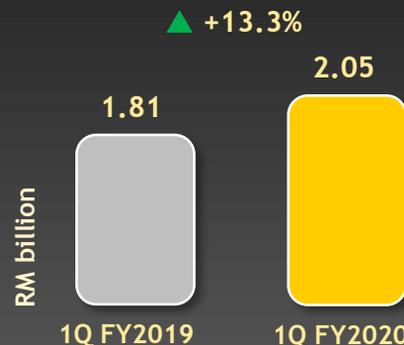
- Strong income growth of 14.7%
- Low overhead expenses growth of 4.8% YoY, with CIR at 43.7%
- Achieved positive JAWs of 9.9%

3 Higher loan loss provisions (LLP) of 59.2% YoY:



- Over 60% (RM600 mil) of 1Q FY2020 LLP was proactive provisioning in anticipation of a weakening credit environment
- Of which, ~RM400 mil LLP was on forward looking assumptions based on weakening macro-economic variables
- Another ~RM200 mil LLP was for potential retail portfolio slippage

4 Net profit up 13.3% YoY to RM2.05 billion:



- Despite proactive provisioning on impending economic weakness
- Earnings per share grew 11.4% YoY to 18.2 sen while Group ROE was 10.6% for 1Q FY2020

However, net fund based income is under pressure given consecutive rate cuts impacting NIM and declining GDP affecting loan growth..

Group NIM 5-Year Trend



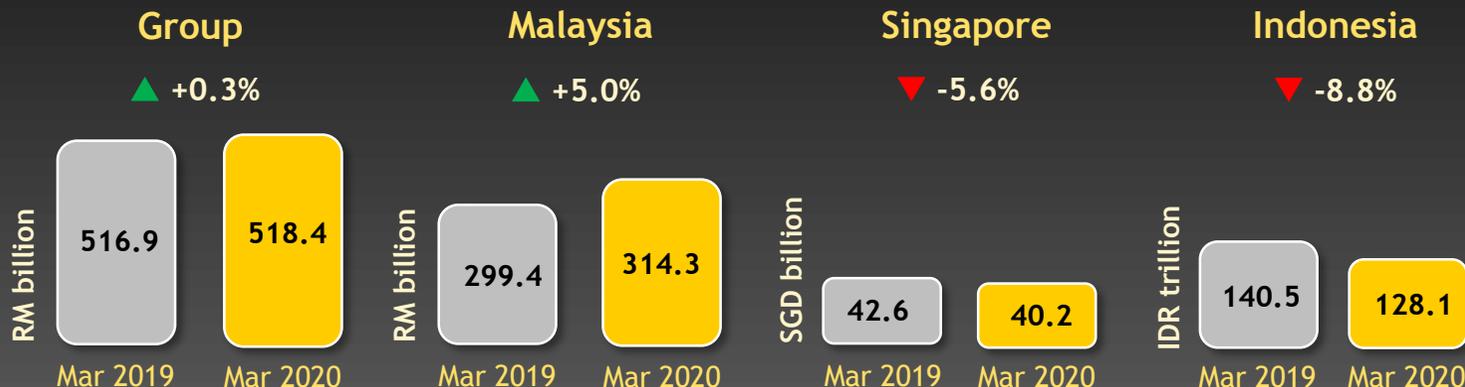
...Group NIM expected to compress further in FY2020 on aggressive interest rate cuts

Policy Rates (%)

	2018	2019	2020F
USA	2.375	1.625	0.125
MY	3.25	3.00	2.00
SG	1.89	1.77	0.60
ID	6.00	5.00	4.25
TH	1.75	1.25	0.50
VN	6.25	6.00	4.25
PH	4.75	4.00	2.75

MKE Research forecasts as at 17 June 2020

Loans Growth (YoY)



...similar 1Q 2020 loan growth trends anticipated across markets for remaining year as GDPs contract

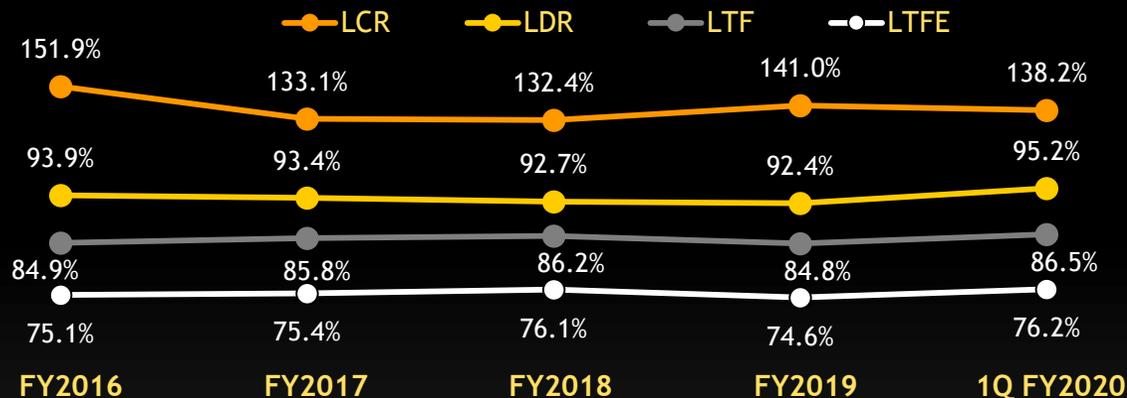
GDP Growth/Contraction (%)

	2018	2019	2020F
USA	2.9	2.4	-5.9
MY	4.7	4.3	-3.3
SG	3.4	0.7	-7.0
ID	5.2	5.0	0.4
TH	4.2	2.4	-5.5
VN	7.1	7.0	3.6
PH	6.2	5.9	-2.8

MKE Research forecasts as at 17 June 2020

We have always prioritised liquidity strength and will do so in this environment, especially given market volatility

Liquidity Risk Indicators

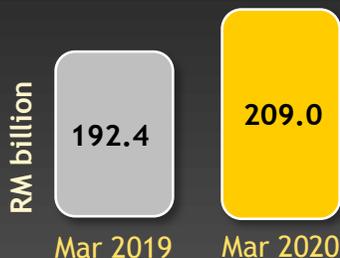


- Focus on stable liquidity risk indicators, as seen over the years
- Maintain stipulated indicators above regulatory requirements (i.e.: LCR and the impending implementation of net stable funding ratio effective 1 July 2020)

CASA Growth (YoY)

Group

▲ +8.6%



Malaysia

▲ +13.8%



Singapore

▲ +1.0%



Indonesia

▲ +7.5%



CASA Ratio: 34.5% 38.4%

37.5% 43.6%

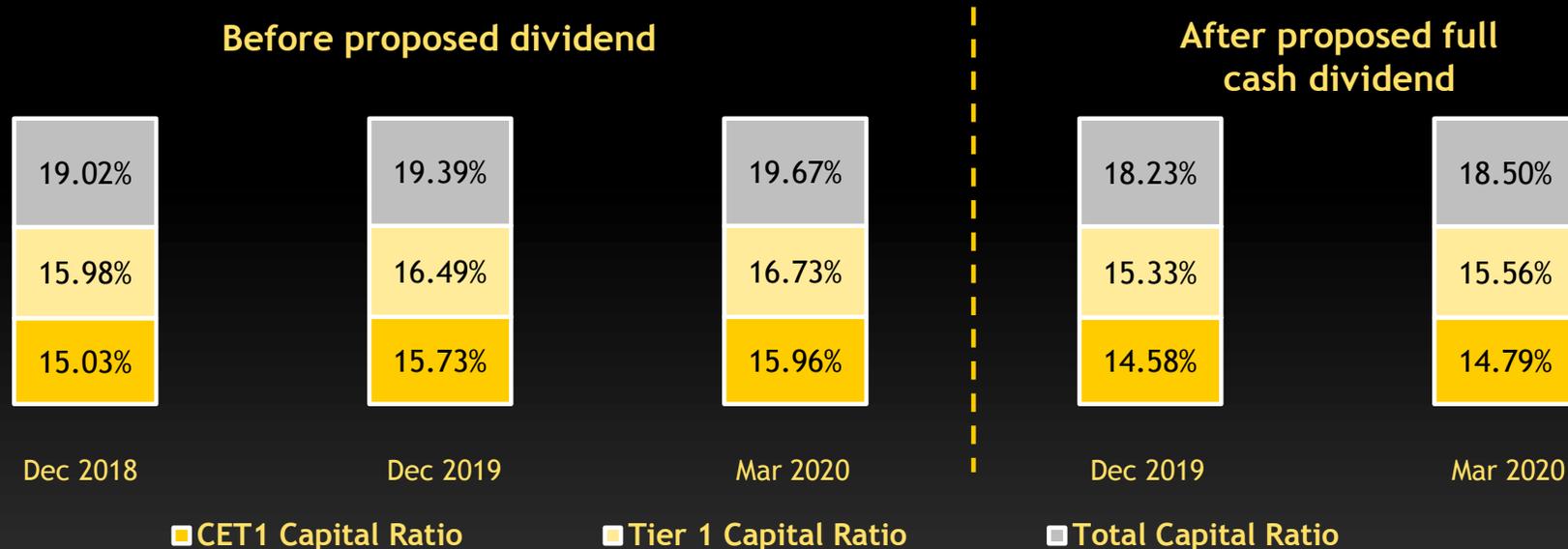
30.6% 30.5%

31.6% 37.2%

- Maintain good quality deposits in local currencies, with emphasis on CASA growth across markets to mitigate NIM compression

Our well capitalised levels enable us to enter this health pandemic-induced crisis from a position of strength

Group Capital Positions



- Our capital positions are well above regulatory requirements
- Bank Negara Malaysia has allowed banks to drawdown on the capital conservation buffer of 2.5% and utilise regulatory reserve (RM2.12 billion for Maybank Group as at 31 March 2020), if needed
- We will maintain sound capital positions to manage growth and potential asset quality slippage given the weak environment
- Dividend policy remains unchanged at 40%-60% payout ratio of net profit but quantum will be dependent on earnings generation for the year and subject to regulatory approvals
- Key priority is to conserve capital so that we do not have to undertake an equity raising exercise in a stressed environment

Emphasis on operational resilience during the COVID-19 pandemic

- We began progressively rolling out Business Continuity Management measures across our footprint and network Group-wide since January 2020, before the COVID-19 outbreak was declared a pandemic.
- Our efforts are focused on maintaining operational effectiveness while shifting towards a “new normal”.

Service Delivery via Physical Channels[^]

- **Operating branches and banking hours:**
 - Malaysia: 100% (or 347 branches); 9.30am to 3pm
 - Singapore: 53% (or 9 branches); normal hours
 - Indonesia: 74% (or 286 branches); 8.30am to 2pm
- SST/ATMs availability at 99%

Powering Online Platforms for Employees & Customers

- Remote access enabled (VPN & MDM) across functions to support employees working from home (WFH)
- Bandwidth increased 5x to support VPN usage
- Digital applications enabled for WFH e.g.: virtual desktop infrastructure, virtual learnings, meetings and townhalls as well as webinars
- Continued customer onboarding through M2U and M2E channels
- Growing QR pay transactions across home markets

Continued Physical Distancing Measures in New Normal

- Implemented flexible and supportive employee work policies and practices enabling staff to WFH. After easing of movement restrictions, WFH ratio in Malaysia: 56%; Singapore: 63%; Indonesia: 17%
- Staff to return gradually and at staggered hours, while WFH maintained for those who are able to
- GHC Staff Emergency Support (SES) team available to all staff for guidance on COVID-19 staff-related matters
- Strict SOP observance for COVID-19 positive cases
- Routine environmental cleaning and disinfection
- Face masks, gloves and hand sanitisers available at all entry points/common areas for staff & external parties
- Implemented social distancing measures for meetings; deferred in-person internal and external events for 2020
- Mandatory body temperature checks and/or placement of thermal scanners at all entry-points of workplaces
- Health and travelling declaration required for third party vendors and visitors

[^] data as at 11 June 2020.

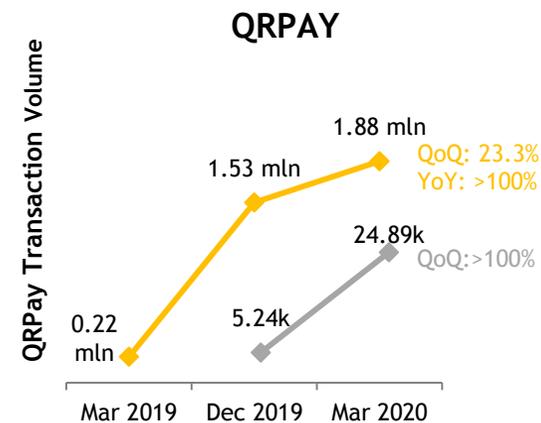
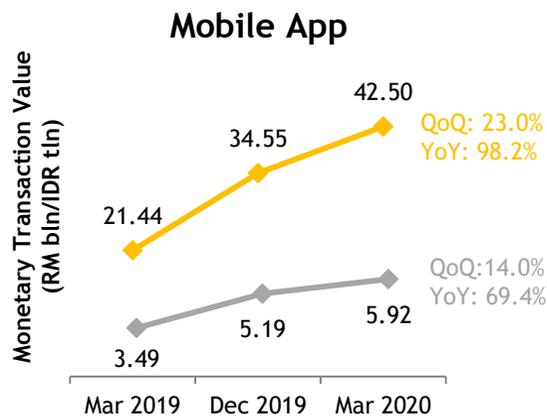
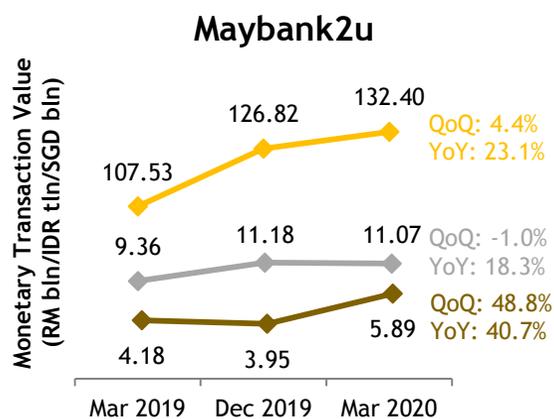
Leveraging digital platforms to support transactions during the COVID-19 pandemic

New / Enhanced Digital Initiatives

- Online application of moratorium and relief programmes (Malaysia & Singapore)
- Opening of business accounts via Maybank2u (Malaysia). 37% of all business accounts opened in March'20 were through STP.
- QR Payment Terminal for merchants to enable QR payment via PayNow (Singapore)
- Fully digital customer onboarding experience (KYC) for opening of new M2U and M2E accounts (Indonesia)



Increasing Digital Transactions Through Multiple E-Platforms/Applications



Malaysia Indonesia Singapore

Continued prioritisation of digital solutions in 2020

In Malaysia

- First in Malaysia to offer the ability for New-to-Bank SMEs to open a business account instantaneously via Maybank2u
- Launch of Sama-Sama Lokal to help small local businesses sustain their sales
- GrabPay customers can directly link their wallet to Maybank2u for frictionless top-ups
- MAE e-Wallet enhanced to become Shariah compliant
- Launched foreign telegraphic transfer real time preferential FX rates on M2U and M2U Biz
- First in Malaysia online ASB financing on Maybank2u, for both existing and new customers



In Singapore

- Launched the dynamic QR payment solution for merchants
- Launched digital applications for credit cards and unsecured credit lines using MyInfo on Maybank2u app



In Indonesia

- Rolled-out fully digital CASA STP onboarding via M2U with KYC using video calls
- Launched iSaku e-wallet top up feature on M2U
- Implemented nationwide QRPay with QRIS



In Cambodia

- Launched the new Maybank2u mobile app with greater user experience and features



Supporting our customers during the COVID-19 pandemic



Customers

Retail/Consumer

- Repayment moratorium/deferral
- Card relief assistance plans
- Insurance payment deferral
- COVID-19 cash relief, test subsidy and hospitalisation coverage for eligible Etiga customers
- Fee waiver on interbank ATM/SST cash withdrawals
- Shared educational content on performing banking and online transactions via social media platforms, catered for less digital savvy clients
- Global & local market watch webinars and e-updates for HNW & Affluent segments

Non-Retail/Corporate

- Deferment or restructuring programmes
- Payment holiday for term loans (Singapore)
- Trade finance relief measures (Singapore)
- On-going regional e-engagements with institutional clients
- Local and regional daily, weekly and quarterly market, strategy and product e-updates by MKE
- Talks by investment experts hosted by MKE via social media platforms and online seminars

- Priority is to support the domestic economies of our home markets.
- To work with affected borrowers to ensure viable solutions that support employment and prevent business failures in the near term.
- As such:
 - More than 70% of Malaysia loan book is under moratorium, relief or R&R programmes.
 - Approved RM2.1 bil BNM Special Relief Facility for SMEs, representing 77% approval rate from total applications received.
 - Engaged 2,350 RSME and Business Banking customers in Singapore and made available SGD1.2 billion government relief loans.
 - Engaged almost all Indonesian non-retail debtors, including 80 corporates and ~7,700 CFS non-retail customers to assess their business conditions and offer restructuring, where needed.

Supporting employees & communities during the COVID-19 pandemic

As a bank that places people at the heart of all that we do, we will continue playing our part in helping all stakeholders, including our communities, get through this unprecedented event in line with our mission of **Humanising Financial Services**



Employees

- Launched **#Maybank Pledge** and **#iWillStay Safe** campaign reiterating staff safety practices and for the Bank to provide daily updates
- **No staff salary deductions** for staff loans up to 30 September 2020
- Provided **Rapid Response Critical Incident Hotline** during MCO for emotional support
- Interactive **fitness, wellness and WFH** challenges with ~21,000 participants globally
- Launched **#Learning Never Stops** campaign for employees with 15,634 participants globally
- **Remote onboarding** of 232 new hires from 18 March to 19 June
- Developed **Maybank's Employee Workplace Handbook** on new workplace practices and guidelines, and deployed **New Normal Workplace Enforcers** to coordinate and monitor compliance



Communities

- **RM18 million** donated for COVID-19 causes (RM17.5mil by Maybank Group & RM530k via MaybankHEART)
- **RM2.9 million** donated to 15k underprivileged families in 10 ASEAN countries
- **Crowd-funding campaigns** to help most-at-risk communities.
- Listing community merchants on Maybank2u's **Sama-sama Lokal** with >1k merchants listed and >100 orders daily
- **Maybank Women Eco-Weavers Cambodia** produced over 100k pieces of hand woven face masks for the local community (to be sold/ partially donated)
- In Singapore, **care packs** donated for migrant workers in isolation and supporting stranded Malaysian workers

Maybank performance outlook for FY2020

1

Pursue revenue related leads while managing NIM compression

- Mitigate potential NIM compression of up to 15bps by prioritising CASA growth
- Pursue NOII opportunities through investment and trading portfolio and debt capital market deals

2

Continued cost management discipline

- Includes reducing non-staff discretionary expenses and spending judiciously on revenue-related leads
- Salary freeze among higher management effective beginning 2020

3

Asset quality management

- The remaining provisioning for FY2020 is subject to further refinement based on evolving macroeconomic variable assumptions and detailed loan portfolio assessments currently in progress
- Expected FY2020 net credit charge off ratio of between 75bps to 100bps and to remain elevated into FY2021

4

Maintain liquidity and capital strength

- Focus on low cost funds growth and in maintaining stable liquidity risk indicators
- Keep sound capital positions above regulatory requirements

5

Dividend payout

- Previously, we returned excess capital by increasing the effective cash payout arising from strong capital positions and a slow growth environment
- In light of market volatility and operating environment uncertainty, dividend payout will be dependent on earnings generation for the year and subject to regulatory approvals, with capital conservation a priority

Our heartfelt gratitude to **all frontliners around the world** who placed themselves at risk to serve and save lives. **A special thank you to the Maybankers** who ensured the continuity of our operations in serving customers, especially at the branches, throughout this health pandemic.

Thank you to **all shareholders and stakeholders** for your continuous support



Humanising Financial Services



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