

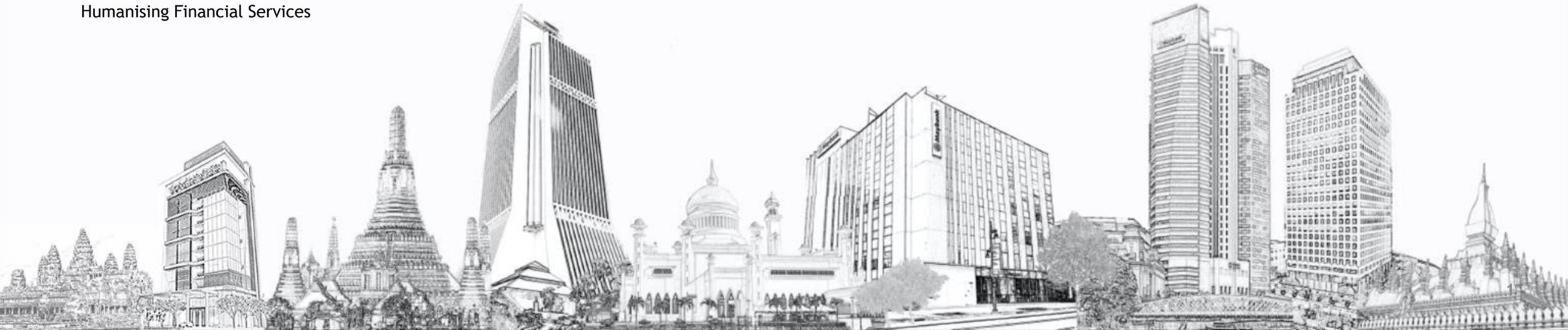
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62nd Annual General Meeting

Presentation to Shareholders *(Available on Corporate Website and Boardroom Platform)*
Questions from Permodalan Nasional Berhad
14th April 2022



Humanising Financial Services



Specific to AGM Resolution(s)



1. Statutory audit fees increased by ~8% from RM21.6 million in FY20 to RM23.3 million in FY21. What caused the yoy increase in fees? *[Please refer to Ordinary Resolution 6 and Note 43 on Pg 136 of Annual Report 2021 Financial Statements]*

The increase in statutory audit fees to RM23.34 million in FY2021 from RM21.63 million in FY2020 was mainly due to its expanded audit scope, comprising:

- a. Additional support and work procedure relating to government relief measures and repayment assistance programmes across Maybank Group
- b. Additional reviews on regulatory updates across multiple jurisdictions
- c. Additional review on Cybersecurity and Risk Management in Technology (RMIT) arising from the revision of regulatory guidelines
- d. Additional audit procedures surrounding IBOR reform transition and for a newly implemented system
- e. Additional review on implementation exercise by phases arising from new standard requirement IFRS 17.

Maybank Group Financial Results / Outlook



2. “As we enter our second year of the M25 plan, we remain focused on income growth from fee based opportunities in wealth management, global markets, investment banking, asset management and insurance by leveraging our digital capabilities.” Can you provide more colour on this and the expectations/targets/initiatives for FY22? *[Please refer on Pg 17 of Annual Report 2021 Corporate Book]*

M25 was operationalised in 2021. Being the first year of the Group’s five-year plan, we made great strides across our three long-term aspirations. We achieved a return of equity (ROE) of 9.8%, which surpassed the 9% ROE guidance for FY2021, and we expect FY2022’s ROE to range from 9.5% to 10% after factoring the impact of the one-off Prosperity Tax. Maybank also remained at its no. 1 position in customer experience in Malaysia with +23 Net Promoter Score. We will continue to defend the leadership position leveraging on our data analytics capabilities by employing predictive machine learning models to better serve our customers. In terms of our ESG pillar, we retained our FTSE4Good 4 star rating and was the top 25% by ESG rating amongst PLCs in the FBM Emas Index.

Moving into our second year in M25, the Group’s strategic priorities in 2022 are focused on sustaining business growth momentum, whilst executing our long-term strategic plans to build long-term competitive advantage and capture new growth opportunities. As for our approach in growing fee-based income, it will continue to be centered on digitalisation and embedding sustainability at the core of our business, as well as expanding our reach to the SME and wealth customer segments.

Maybank Group Financial Results / Outlook



We made good progress in FY2021 and implemented various initiatives to drive growth, such as the introduction of digital cross-border solutions, Maybank2u Biz app, Islamic Wealth Management total solutions, new ESG-centric funds like Maybank Global Sustainable Technology Fund, amongst others.

The Group will steadfastly roll out new digital solutions across our key business focus areas, such as SME, wealth management, trade and cash management, Islamic banking and insurance, to broaden our income stream and strengthen our digital propositions. At the same time, we will accelerate our efforts to integrate sustainability into our business plans, products, and policies to create long-term sustainable value. Similarly, we will forge ahead in growing our presence in the SME and wealth segments by introducing more targeted offerings.

With all these strategic plans in place, Maybank is well-poised to benefit from the anticipated surge in market activity and consumer spending amidst further relaxation on lockdown measures.

Maybank Group Financial Results / Outlook



3. After the lower GIL in FY21 due to moderate formation of new impaired loans arising from the moratorium and ensuing repayment assistance programmes, will we expect to see an increase in GIL for FY22? If it is so, would this have impact on Loans Loss Coverage (LLC) ratio? Can you give an estimate on where will your GIL and LLC be for FY22 compared to FY21?

We have started to see a significant portion of the repayment assistance programmes in Malaysia expire within the first quarter of 2022 as more customers experience an easing of cash flow pressures on sustained recovery of the economy. While Maybank continues to offer its own targeted repayment assistance programmes this year, we have seen that asset quality trends have continued to hold up well.

The Group expects asset quality trends to remain largely stable this year due to its proactive measures in managing high risk vulnerable accounts since 2020. We have undertaken sizeable provisions between FY2020 and FY2021 (i.e.: total RM8.32 billion for net impairment losses for loans, advances and financing and financial investments), in anticipation of credit risk deterioration.

In FY2022, our expectation is for net credit charge off rate to improve between the range of 40 bps to 50 bps on better economic outlook, against our net credit charge off rate of 51 bps for FY2021. We will continue to monitor our customers closely on expiring repayment assistance packages and if the need arises for further top-up of specific corporate borrowers.

Maybank Group Financial Results / Outlook



4. The percentage of missed payments in FY21 is slightly higher at 3% compared to FY20 of 2%. Is there any further assistance given to these customers so that the loans will not later be categorised as impaired? *[Please refer on Pg 13 & 14 of Annual Report 2021 Financial Statements]*

Maybank has ongoing engagements with its borrowers to understand their financial position and repayment abilities while ensuring we provide the relevant loan relief or restructuring support to borrowers. This is so that they may regain their financial footing and transition into normalcy post pandemic and as economic activities resume.

Maybank Group Financial Results / Outlook



5. Asset Management business recorded a loss for FY21 and the results have been historically volatile. What is Maybank's long term strategy to improve this segment and provide sustainable profit contribution to Maybank Group? Under M25 strategy, is there any specific achievements/targets for this segment?

Maybank Asset Management Group's (MAMG) performance in FY2021 was mainly impacted by impairment on goodwill and provision for contingent liabilities. However, its Asset Under Management ("AUM") performed well and recorded 8% YoY growth to RM35.2 billion with a net new AUM increase of RM2.6 billion in FY2021. Non-money market AUM also increased 8% YoY to RM29.9 billion.

In line with the M25 strategy, MAMG will focus on becoming the leading ASEAN Islamic asset manager by deepening its market share in the higher yielding retail client segment to improve profitability. In the longer term, MAMG will continue to build its AUM and scale by solidifying its product manufacturing capabilities infused with ESG Shariah principles.

MAMG's five-year growth imperatives are split into three. Firstly, it will be product focused, with strategies customised to the respective countries' unique operating environment while tapping on internal capabilities and strategic partners' strengths.

Maybank Group Financial Results / Outlook



The aim includes delivering Sustainable/ESG investment solutions covering both the conventional and Shariah space, investment advisory services, alternative and Machine Learning (Quant/AI capabilities) investments, as well as complete cradle to grave investments solutions.

Secondly, MAMG will look to enhance its distribution strategy by building an extensive distribution network. This is aimed at penetrating the client base through third party financial institutions, third party online distribution platforms, leveraging Maybank's investment management reach and sales capabilities, the insurance sector, as well as establishing an Undertakings for the Collective Investment in Transferable Securities platform in the long run. Furthermore, by leveraging Maybank Group's strategic focus in the wealth segment, MAMG will aim to become the preferred solutions provider for the Group and its clients with our customisable product suite across all asset classes.

Finally, MAMG will look to grow and establish international presence in the Philippines, Indo China, Europe and the Middle East by offering product manufacturing and advisory services.

Maybank Group Financial Results / Outlook



6. Islamic Banking Segment (IBS)

Gross financing from this segment decreased by 5.5% from RM206.7 bil in FY20 to RM194.5 bil in FY21 which was mainly driven by 35.6% decrease in working capital from RM63.8 bil in FY20 to RM41.1 bil in FY21. What contributes to the decrease in financing in working capital? *[Please refer to Note 64 (l) (iii) on Pg 236 of Annual Report 2021]*

The reduction in working capital in FY2021 was mainly due to change in accounting treatment, whereby there was a reclassification of assets funded by Restricted Profit Sharing Investment Accounts (“RPSIA”) from on-balance sheet to off-balance sheet.

Effective 31 December 2021, assets funded by RPSIA have been recorded as off-balance sheet which includes financing and advances to corporate customers amounting to RM25 billion. These assets are now re-classed and included as part of “Assets Managed by the Bank”. For more information, please refer to Note 64 (L), page 234 of the Annual Report 2021 Financial Statements.

Gross financing and advances in FY2021 has excluded financial assets funded by RPSIA amounting to RM25.0 billion while a total of RM26.5 billion of financial assets funded by RPSIA was included in FY2020. Combining both the on-balance sheet and off-balance sheet assets in FY2021, the total financing and financing managed by the Bank increased 6.7% YoY as opposed to a 5.5% YoY decline, driven by the mortgage and hire purchase segments.



7. As reported in the recent news, Sapura Energy had been granted a restraining order for three months starting from March 10, 2022 . Could you share with us the potential impacts to Maybank arising from this development (any change in credit cost guidance) and what would be the next course of actions?

Maybank observes strict accounting treatment related to provisioning and impairment of loans and financial investments, in line with the IFRS and MFRS requirements. The adequacy of the provisioning and impairment assessment are also subject to comprehensive and regular reviews by the regulators and the external auditors across the jurisdiction that we have credit exposure.

Borrowers which we have assessed to exhibit deterioration in credit risk are classified under Stage 2 (Under Performing) and Stage 3 (Non Performing) and will attract lifetime ECL. Deterioration in credit risk can be due to worsening credit rating of the borrower or sponsor, missed or irregular payment conduct, financial deterioration, negative outlook of industry or any other material factors that have jeopardised the business operations or viability of the borrowers.

In addition to the deterioration in credit risk, we are also required under the accounting standards requirement to provide ECL for forward looking assumption which was derived from macroeconomic variables such as GDP, unemployment rate, inflation rate, Brent price, OPR, etc.

Maybank Group Financial Results / Outlook



The forward looking information are updated frequently based on the information available at the reporting date and when it can be reasonably assessed. During the pandemic, we have assessed the ECL for forward looking assumptions beyond the requirement of the accounting standard.

In view of the Repayment Assistance accorded to borrowers under hard hit industries arising from the pandemic, we have also intensified provisions in the form of Management Overlay (MOA) to cater for the probability of stage movement for these borrowers. Some of the MOA was also attributed to cater for model changes, which is a requirement under the accounting standard.

Over the two years of this prolonged pandemic i.e.: FY2020 and FY2021, Maybank Group provided a total of RM8.32 billion in net impairment losses for loans, advances and financing as well as financial investments. From this figure, a total of RM7.26 billion was provided specifically for net allowances on impaired loans, advances and financing in the same duration, of which close to one third is MOA.

The Group is guiding for a net credit charge off rate of 40 to 50 bps for FY2022. This guidance is an improvement from the Group's net credit charge off rate of 51bps for FY2021 and 88bps for FY2020.

With regards to questions on specific borrowers named, we are unable to comment on our exposures to specific customers or alleged customers owing to confidentiality obligations under the Financial Services Act and the Personal Data Protection Act.



8. The Edge on April 2, 2022, reported that the Government had approached Maybank and Bank Rakyat to discuss on loan repayments restructuring for entrepreneurs that affected by Covid. Based on the current progress of the discussion:
- a. What will this programme entail and how long will it be?
 - b. What are the potential impacts of this programme to Maybank?

We believe The Edge had erroneously reported Maybank's participation as the report has since been removed.

Separately, Maybank continues to provide its own targeted repayment assistance programmes to customers, which includes entrepreneurs. Maybank is committed to supporting the economic recovery of its home markets by enabling access to financial support so that customers can strengthen their financial positions and capitalise on emerging growth opportunities.



9. Negative loans growth

Indonesia recorded negative loans growth for the past three financial years which dragged down the Group's total loans growth. What are the steps that currently being undertaken to improve this situation and can we expect this home market to contribute positively to Group's total loans growth in FY22 considering the higher economic growth forecasted by Bank Indonesia? What is the expected loans growth rate for this home market, if any?

Indonesia's loan performance for the past three years has been a result of slower growth opportunities due to the pandemic and arising from de-risking and re-profiling of the non-retail CFS segment since late 2019.

As Indonesia's economic recovery gathers pace, the Bank has seen a gradual rebuild in CFS non-retail and retail portfolio in fourth quarter of 2021 and hopes to maintain the momentum into FY2022. Key focus initiatives include targeted loan growth opportunities within Global Banking, focus on recovery growth opportunities for CFS non-retail and concentrating on bettering profitability within the CFS retail segment, while maintaining healthy asset and loan growth. The Bank will also continue to employ its Leverage Business Model, including the "Shariah First" strategy, which has been a key growth driver in expanding the Shariah portfolio.



10. Indonesia asset quality

RSME and Business Banking are the major contributor to the non-retail segment. However, these segments' GIL increased compared to FY21. What caused the worsening in asset quality in these segments and what steps will be taken to improve asset quality for these segments? *[Please refer Slide 18 of 4Q and Full Year FY2021 Investor Presentation]*

The increase in Indonesia's GIL in FY2021 was mainly due to lower loan balances while the total amount of impaired loans, especially from the Business Banking (BB) segment, reduced year-on-year. Meanwhile, the Retail SME (RSME) segment continues to be impacted by the restrictions on community activities, as it is highly dependent on its communities' mobility to drive business volume.

As part of our on-going efforts to maintain and improve our asset quality, the Bank has tightened its risk appetite and adjusted its risk posture, more so during these pandemic years. The Bank also strengthened its loan portfolios by focusing on favourable and growth industries (i.e. telecommunications, healthcare, etc.). Moreover, the Bank has strong risk management in place, from working level to the Board level, to strengthen and oversee its processes across the on-boarding, post-disbursement, monitoring and control, as well as the identification of asset weakness process.



11. Singapore loans growth

Despite lower FY22 GDP projection for Singapore of 3.8% (from 7.6% in FY21), Maybank projected that the system loan growth in Singapore to be between 7.5%-9.0% (from 7.4% in FY21). For FY21, loans from Singapore home market grew by 8.7%. Is it possible to maintain this loans growth in FY22 despite the lower GDP forecast? *[Please refer Slide 22 of 4Q and Full Year FY2021 Investor Presentation]*

Maybank Singapore's loans growth in FY2021 was in tandem with the strong rebound in business activities driven by economic expansion in Singapore. For FY2022, our house view is that economic growth will moderate and we expect Maybank Singapore's loan growth to track economic movement. The higher systems loan growth projections are supported by regional tradeflows captured by the Singapore banks.

For Maybank Singapore, we expect continued loans growth from the Global Banking (GB) and Community Financial Services (CFS) segments. For GB, growth is expected to be driven mainly by trade finance and regional loans leveraging on our role as a trade hub to capitalise on Maybank's ASEAN franchise. Meanwhile, the CFS book is expected to see growth in Retail SME and Business Banking, while for Consumer, the momentum is expected to continue for mortgages.



12. On “Commitment 1: Mobilising RM50 billion in Sustainable Finance by 2025”, Maybank Group mobilised more than RM13.6 billion in sustainable finance for FY21. Major parts of your Sustainable Finance deal/issuance in 2021 came from Singapore market (~RM12 billion). *[Please refer to Pg 108 of Annual Report 2021-Corporate Book]*

- a. Do you see Singapore continues to be the leading market to offer/has greater demand on sustainable financial products compared to other markets?

Singapore is seen to be a leading player within this region and this is primarily driven by national level policies such as the Singapore Green Plan 2030 as well as financial sector regulations and expectations. However, Malaysia, the Philippines and others ASEAN jurisdictions have increasingly enhanced their own national level policies to transition into low carbon economies and by extension, enhanced the resilience of their own countries. It is fair to say, that this will continue to be an evolving space, and Maybank is encouraged to see the changes in the region and we are committed to be a driving force of that change for good but we are mindful of the balancing act required in ensuring the ecological and societal impact of our actions for us today and for future generations.



12. On “Commitment 1: Mobilising RM50 billion in Sustainable Finance by 2025”, Maybank Group mobilised more than RM13.6 billion in sustainable finance for FY21. Major parts of your Sustainable Finance deal/issuance in 2021 came from Singapore market (~RM12 billion). *[Please refer to Pg 108 of Annual Report 2021-Corporate Book]*

b. What would be the advantage/disadvantage if Maybank Group keep focusing on offering the sustainable financial products to Singapore market compared to other markets?

We have committed under our M25 to be a Regional ESG Leader. Given the depth and breadth of Maybank’s footprint in the Southeast Asia region, we are focused on driving change across the region, not only in Singapore, to achieve sustainable growth via a just transition for the communities and markets we serve. We have a duty of care to Serve as a Force of Good and in doing so, Leave No One Behind, and this inclusive approach regardless of jurisdiction is how we are going to Do the Right Thing.



13. For Maybank Sustainability “Commitment 2: Improving the lives of one million households across ASEAN by 2025”, there were 502,759 households (~50% achievement) benefitting from various community programmes Group wide in 2021. Is Maybank planning to continue improving the ASEAN households’ lives should the one million households target is achieved earlier than expected? [Please refer to Pg 109 of Annual Report 2021-Corporate Book]

Our commitment to improving the lives of 1 million households culminated from initiatives by Maybank, particularly Maybank Foundation that began over a decade ago. These initiatives will continue to be an important component of Maybank’s sustainability journey as we are committed to impacting and improving the lives of communities across ASEAN. This is not only aligned to our M25 strategy but forms part of our overall mission of Humanising Financial Services.

M25/Sustainability



14. For FY21, how would you rate your progress in achieving “Commitment 3 : Achieving a carbon neutral position of our own emissions by 2030 and Net Zero Carbon equivalent position by 2050”? *[Please refer to Pg 113 of Annual Report 2021 Corporate Book]*

Maybank has made significant progress since our announcement of our commitment to achieving a carbon neutral position of our own emissions by 2030. Maybank was the first bank in Malaysia to sign a Sale & Purchase Agreement to purchase Malaysia Renewable Energy Certificates from TNBX Sdn. Bhd., for an equivalent of 70% of our Malaysian Operations’ Scope 2 emissions.

In addition, we have identified 2019 as the baseline year for our Scope 1 and 2 emissions. We are also building a system and database to capture and report all Scope 1, 2 and 3 emissions for the Group and have begun to implement energy-saving measures in Malaysia as well as select sites in Singapore. We have planned for the implementation of energy saving projects across premises in all our other countries of operations. With these initiatives, we believe that we are well underway in achieving our carbon neutral target by 2030.

On the other hand, in terms of our scope 3 financed emissions, whilst we have begun to measure our portfolio emissions and have our No Deforestation, No Peat and No Exploitation, and other exclusion policies in place, the journey towards achieving net zero will be a longer one in our move towards decarbonising our portfolio.



15. On “Commitment 4 : Achieving one million hours per annum on sustainability and delivering one thousand significant UN SDG related outcomes by 2025”, we note that Maybank achieved 1,636,652 sustainability hours in FY21, but there was no mention on UN SDG deliverables/outcome for the same period. Can you share with us some of the UN SDG significant achievements in FY21? *[Please refer to Pg 35 & 114 of Annual Report 2021 Corporate Book]*

In 2021, our achievement of over 1 million sustainability hours enabled us to support a number of UN SDG-related outcomes. We believe that consciously supporting these SDGs enable us to support our communities, protect the environment and simultaneously strengthen our business performance.

The related SDGs include SDG 1 on No Poverty, which involved Goal 1.4 on equal rights to economic resources, by way of Maybank providing access to financing to SMEs. Other outcomes included SDG 4 on Quality Education, involving Goal 4.4 on skills for employment, decent jobs and entrepreneurship. This was carried out through our Capacity-Building initiatives across the Group including those related to Sustainability. Other contributions in the form of employee wellbeing impacted Goal 3 and Goal 8 on Good Health & Well Being and Decent Work & Economic Growth respectively, whilst initiatives relating to Diversity, Equality & Inclusivity impacted Goal 5, 8 and 10.



16. For 2021, Maybank's Top Achievements in the digital area were as follows:

- a) Leader for mobile banking transaction volume in Malaysia (56.3% market share)**
- b) Leader for internet banking transaction volume in Malaysia (49.6% market share)**
- c) Leading online insurer by gross written premium in Malaysia (56.2% market share)**

With digital banks coming into play, what is the expected impact to Maybank in the short and medium term, and whether there is a need for Maybank to reposition itself in order to maintain its market share in the digital space?

Since 2013, Maybank has laid the foundation to strengthen its digital proposition and to crystallise its standing as a digital bank. That is why we have not had to apply for a digital banking license as our existing license allows us to operate as one. We moved away from being a pure traditional bank to adopting a hybrid model by designing our own lifestyle applications such as MAE by Maybank2u, introducing digital financing solutions in Malaysia cutting across retail and non-retail segments for products such as mortgage, personal financing and SME and allowed for eKYC processes in Singapore and Indonesia. We have created a marketplace to allow for our customers and community to thrive and grow, as seen with the zero commission online platform Sama-Sama Lokal. Within a year and a half of introducing this platform, we now have over 14,000 merchants that have generated some RM24 million in order value, and have access to our Maybank2u's 12 million customers.



We have rolled out cross border fund transfers to enable flow of money, especially given movement restrictions during the pandemic. We offer customer centric applications like Maybank2u Biz while offering wealth management and insurance services online. We have also sealed strategic partnerships and build connections to partner ecosystems to allow seamless payments and customer experience.

We developed our in-house expertise by establishing Maybank Labs to augment digital and analytical delivery for Maybank and launched the Maybank Sandbox as a regional collaboration platform for FinTech developers to test out new ideas using real banking APIs. We introduced an integrated system, CARisMa (Capital Adequacy and Risk Management), to better manage assets, liabilities and risks.

All these initiatives have helped us develop our digital bank proposition. As we move into our next digital phase, we aim to evolve from being a financial services provider towards becoming our customers' lifestyle partner on the back of advanced data analytics and resilient systems and platforms, enabled by a FutureReady and agile culture to meet our stakeholders' continuously evolving needs.



For the retail segment, we seek to drive financial inclusion and accessibility. For our non-retail segment, we aim to scale up our digital capabilities across our business platforms and operating markets as well as optimise operational efficiency via Straight-Through Processing. With our insurance business, our focus is to leverage digital tools to service both our customers and intermediaries and improve our overall service levels. Meanwhile, Shariah-compliant features will be enhanced across our products and services.

The emergence of new entrants signals the vast untapped potential and opportunities that digital banking has to offer. Malaysia's digital banking industry is still developing and we believe the rise in participations will enlarge the market size and encourage greater adoption of digital banking. This is a good development to the industry. As a pioneer in this space, Maybank stands to benefit from the market expansion.