

Leading Asia



ANNUAL REPORT 2018



> **RM8.11 billion Net Profit**
• Exceeds RM8 billion mark

> **Delivering Shareholder Value**
• ROE of 11.4% • Dividend per share of 57 sen

> **Top 500 Most Valuable Global Brands**
• Only Malaysian bank awarded

Inspiring ASEAN

At Maybank, our thoughts and actions are guided by our mission of Humanising Financial Services. Our mission helps us to remember that our stakeholders are at the heart of all that we do. Beyond providing products and services that are fair and fulfil our customers' needs, our mission inspires us to make a positive and sustainable difference in the markets where we operate and for all our stakeholder groups.

Just as our mission inspires us as an organisation, we aim to inspire:

- Dreams by empowering Our Communities in ASEAN through targeted programmes that focus on developing sustainable livelihood skills
- Commitment from Our People by investing in their growth and wellbeing through continuous future-proofing initiatives to ensure their readiness in the digital economy
- Innovation by being the first-to-market with new product offerings and by collaborating with Our Partners to conceive disruptive technologies
- Ambition by helping Our Customers reach greater heights in their personal and business endeavours by leveraging our products and services
- Investments by connecting Our Investors to the right growth opportunities within ASEAN

Our rich history has shaped us into the leading financial services provider that we have become today within ASEAN. We intend on continuing this legacy with you. As partners, we can build a sustainable future for generations to come.

Together, let's keep inspiring ASEAN.

1974



First to introduce a targeted credit scheme for **customers in rural areas**

1996



Pioneered **bancassurance** in Southeast Asia

2000



First in Southeast Asia to offer **common ATMs and over-the-counter services** in Malaysia, Singapore, Brunei and the Philippines

2012



First Malaysian bank to simultaneously sign agreements with four banks from Myanmar to introduce **Maybank Money Express (MME)** remittance service to the country

2013



Launched **Maybank2u Pay**, the first platform by a bank in Malaysia that facilitates online purchases at blog shops

2015



Launched the first **Islamic equity fund under the ASEAN passport framework** to tap into the equity markets within Greater China and ASEAN

2009



Collaborated with our partners to launch the **world's first contactless mobile payment** service using near field communications

2010



Launched the first **Islamic financing package for SMEs** in Singapore

2010



Established **Maybank Foundation** to spearhead the Group's corporate responsibility initiatives in the region

2016



First bank in Cambodia to offer a mobile banking app with **augmented reality and QR code reader**

2017



Launched the **Regional Collaborative FinTech Sandbox Platform**, the first-of-its-kind in ASEAN, to boost the development of FinTech

2018



Launched our **FutureReady Digital Upskilling Programme** with the aim of increasing employees' digital literacy

About

our reports

Maybank Group's Annual Report is our primary report and is supplemented with additional online disclosures for our stakeholders. These include consolidated and separate financial statements.

MAYBANK ANNUAL REPORT 2018



CORPORATE BOOK



FINANCIAL BOOK

CONTENTS

- Provides a comprehensive overview of the Group's performance for 2018 and the outlook for 2019

REGULATIONS COMPLIED

- Companies Act, 2016
- Bursa Malaysia Main Market Listing Requirements
- Bank Negara Malaysia Corporate Governance Policy
- Malaysian Code on Corporate Governance

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- Presents the full set of the Group's and Bank's audited financial statements (Note: The Basel II Pillar 3 Disclosure is available on www.maybank.com)

REGULATIONS COMPLIED

- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Companies Act, 2016
- Bank Negara Malaysia Policy Documents and Guidelines
- Financial Services Act, 2013
- Islamic Financial Services Act, 2013

INTEGRATED REPORTING <IR>

We are on the <IR> journey as part of our continuous efforts in enhancing information disclosure. Our <IR> scope includes a group-wide discussion on sustainable value creation vis-à-vis our medium-to-long term business goals and we have identified key material risks and opportunities by our business pillars.

We create value through these five identified capitals:



Financial Capital



Manufactured Capital



Intellectual Capital



Social & Relationship Capital



Human Capital

Discussions that relate to our stakeholders have been identified and highlighted with the following icons:



Customers



Regulators



Investors



Communities



Employees

ONLINE VERSION



www.maybank.com/ar2018

CROSS REFERENCES



Tells you where you can find more information within the reports



Tells you where you can find more information online at www.maybank.com

MAYBANK SUSTAINABILITY REPORT 2018

The Maybank Sustainability Report 2018 provides a balanced and comprehensive report of the Group's sustainability performance in relation to issues material to the Group and its stakeholders, and complies with the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to the Sustainability Statements in Annual Reports.

The report will be available at www.maybankfoundation.com

Inside

this report

59th

Annual General Meeting

Ballroom@mySpace1

Level 3, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur, Malaysia



Thursday, 11 April 2019



10.00 a.m.

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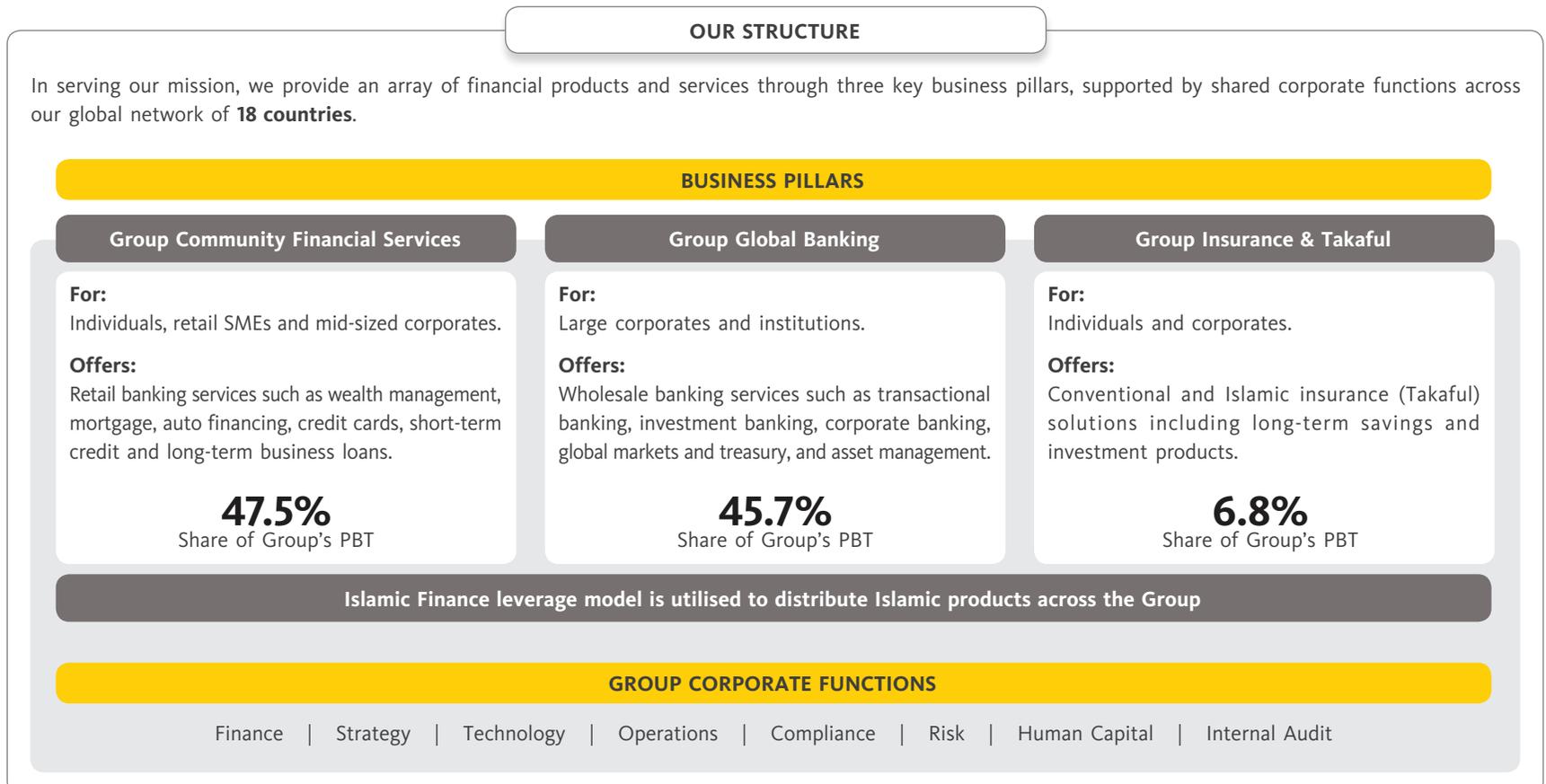
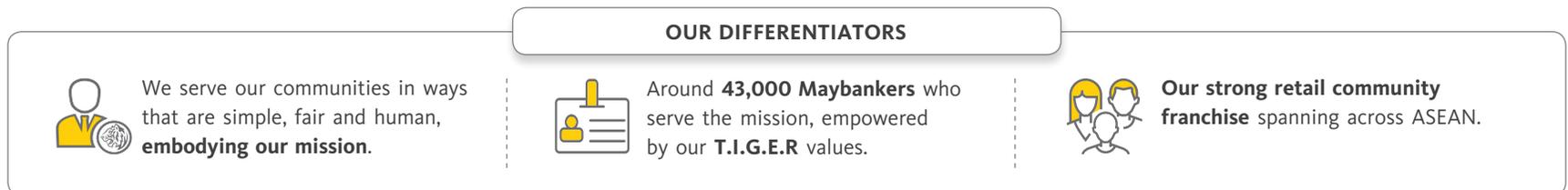
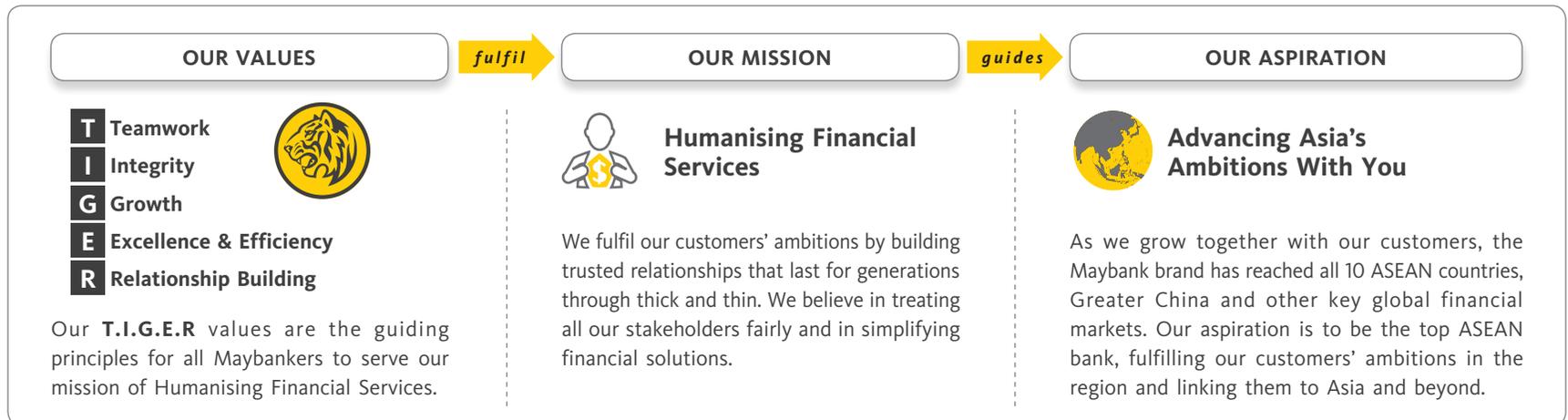
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Form of Proxy

Who We Are

MAYBANK OVERVIEW

Established in 1960, Maybank is the largest financial services group in Malaysia with an established presence in the ASEAN region. We provide a full suite of conventional and Shariah-compliant products and services in commercial banking, investment banking and insurance.



 For more details about our business pillars and Islamic franchise, refer to pages 44, 48, 52 and 56.



DELIVERING VALUE ACROSS ASEAN

We take a leading role in ASEAN in driving economic growth and helping communities develop across the region, going beyond financial services. Our strategy is focused on areas where we believe we can make a significant difference in fulfilling our customers' ambitions and driving financial inclusion whilst supporting businesses, big and small, to succeed in ASEAN and beyond.

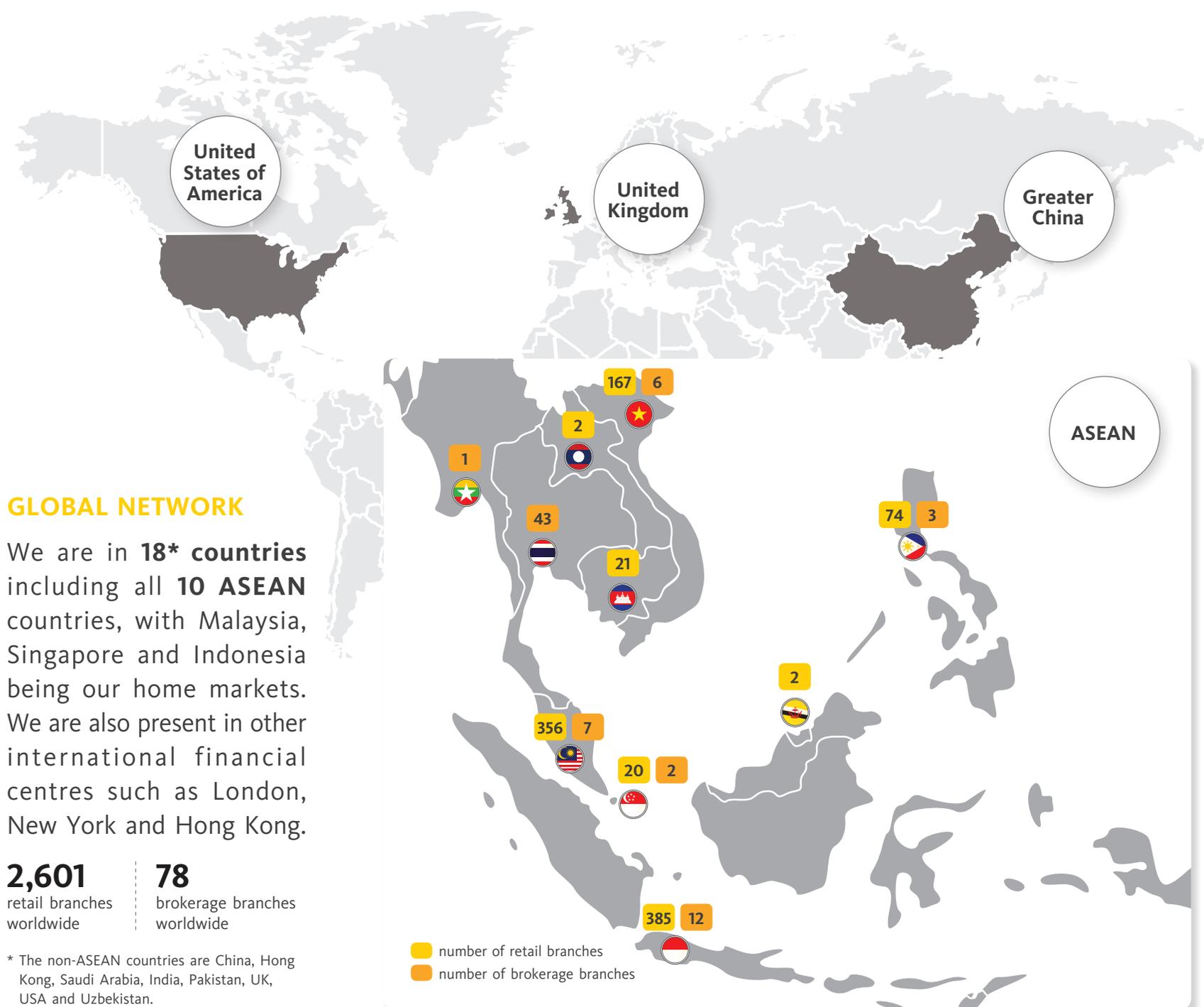
Over
5.56 million
active M2U users

Disbursed
RM7 billion
of new retail SME loans
across the region in 2018

Allotted
RM30 million
into future-proofing Maybankers
through our FutureReady Digital
Upskilling Programme in 2018

More than
RM1 million
public donations collected
via MaybankHeart, benefitting
37 NGOs

Awarded
RM24 million
in scholarships in support of
access to education across
the region in 2018



GLOBAL NETWORK

We are in **18*** countries including all **10 ASEAN** countries, with Malaysia, Singapore and Indonesia being our home markets. We are also present in other international financial centres such as London, New York and Hong Kong.

2,601
retail branches
worldwide

78
brokerage branches
worldwide

* The non-ASEAN countries are China, Hong Kong, Saudi Arabia, India, Pakistan, UK, USA and Uzbekistan.

For more details about our global network, refer to Strategic Business Units, page 07 and www.maybank.com/worldwide

Highlights of 2018

RM8.11 billion

Record Net Profit



The Group broke the RM8 billion mark by achieving a record high net profit for FY2018, driven by growth in net operating income and disciplined cost management.

Reflections from Our Group Chief Financial Officer, page 32.

Maybank Singapore Limited

Locally Incorporated



We cemented our foothold in Singapore by locally incorporating Maybank Singapore Limited, which now houses our Singapore Community Financial Services business effective 5 November 2018.

Reflections from Our Group President & CEO, page 16.

57 sen

Total Dividend per Share



This translates to a dividend payout ratio of 77.3% and a 6.0% dividend yield – one of the highest among banking stocks in the region.

Reflections from Our Group Chief Financial Officer, page 32.

First Bank in Malaysia to Roll-Out a Digital Upskilling Programme for Staff



We introduced our FutureReady Digital Upskilling Programme to increase employees' digital literacy in line with the Group's aspiration to be The Digital Bank of Choice.

Group Human Capital, page 70.

Maybank is a Top 500 Most Valuable Global Brand



We are the first Malaysian bank to break into the Global 500 Brands list by Brand Finance, with a brand value of USD4.2 billion.

Service Delivery, page 62.

Constantly Creating New Digital Firsts

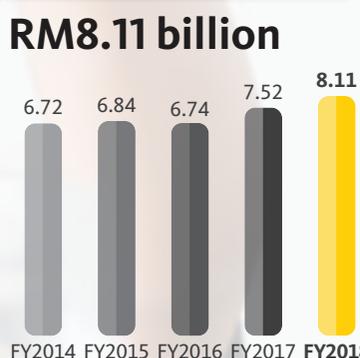


We are the first bank in Malaysia to introduce a cashless payment solution via QRPay. Meanwhile, the refreshed and optimised Maybank2u website also includes a first-of-its-kind digital financial planner.

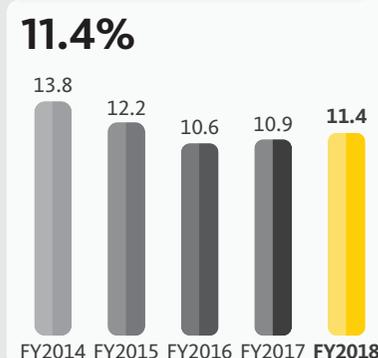
The Digital Bank of Choice, page 59.

FINANCIAL HIGHLIGHTS

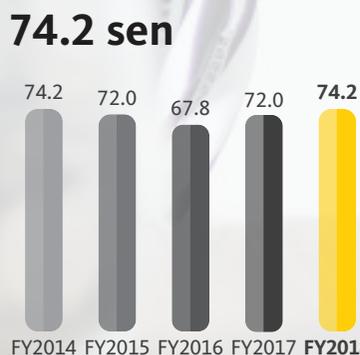
Net Profit* (RM billion)



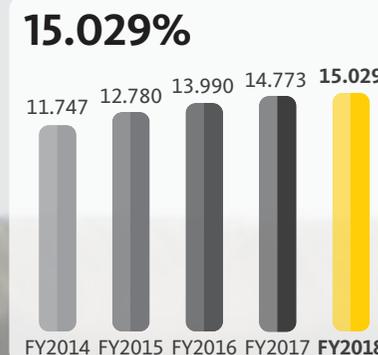
Return on Equity (%)



Earnings per Share (sen)



CET1 Capital Ratio (%)



* Net profit is equivalent to profit attributable to equity holders of the Bank.



Strategic Business Units



Malayan Banking Berhad is the holding company and listed entity for the Maybank Group. Our key subsidiaries and associates are as follows:

ISLAMIC BANKING



MAYBANK GROUP ISLAMIC BANKING

Maybank Group Islamic Banking is the leading provider of Islamic financial products and services in ASEAN. It leverages on the Group's system and IT infrastructure, as well as distribution network to offer end-to-end Shariah-based financial solutions across 407 Maybank touchpoints in Malaysia, as well as our overseas operations in Indonesia (via PT Bank Maybank Syariah Indonesia), Singapore, Hong Kong, London and Labuan.

In Malaysia, Maybank Islamic is the domestic market leader in total assets, total financing, and total funding (Deposits and Unrestricted Investment Account) as well as profitability across all key business segments.

We adopt an Islamic-first approach where we offer customers Shariah-compliant products and services as a standard product. Our Islamic banking business contributed 59% to Maybank's financing in Malaysia as at 31 December 2018.

INSURANCE & TAKAFUL



ETIQA

Etiqa represents Maybank Group's Insurance and Takaful businesses, offering a full range of Life and General conventional insurance policies as well as Family and General Takaful plans across multiple distribution channels of over 8,100 agents, 46 branches and 17 offices, and over 490 bancassurance network (via Maybank branches and third-party banks, cooperatives and brokers) through our presence in Malaysia, Singapore, the Philippines and Indonesia. Etiqa is one of the pioneers for online direct sales through www.etiqa.com.my, www.motortakaful.com and the Group's Maybank2u online platform. It is the No. 1 digital insurance player in Malaysia with total premium/contribution of more than RM100 million.

Etiqa International Holdings Sdn Bhd, wholly-owned by Maybank, is the holding company of Etiqa. In Malaysia, Etiqa operates as four different entities comprising Etiqa Life Insurance Berhad, Etiqa General Insurance Berhad, Etiqa Family Takaful Berhad, and Etiqa General Takaful Berhad. Etiqa also has presence in Singapore (via Etiqa Insurance Ptd Ltd), the Philippines (via AsianLife and General Assurance Corporation) and Indonesia (via PT Asuransi Asoka Mas).

INVESTMENT BANKING



MAYBANK KIM ENG GROUP

Maybank Kim Eng (MKE) Group is the investment banking arm of Maybank Group. It comprises two groups of companies; namely, Maybank Investment Bank Berhad (MIBB) and Maybank Kim Eng Holdings Limited (MKEH). MIBB is the licensed investment

banking operations of MKE in Malaysia with seven branches in the country, while MKEH is the Singapore-based investment holding company for MKE's licensed operations in nine countries outside Malaysia, namely Singapore, Thailand, the Philippines, Indonesia, Vietnam, Hong Kong, the United States of America, the United Kingdom and India. MKE Group has in total 155 retail branches/touchpoints globally.

MKE offers a complete range of investment banking products and solutions to various retail, mid-market, corporate and institutional segments, including debt advisory and arrangement via bonds and sukuk, project financing, leverage financing, and loan syndication; alongside equity capital markets solutions as well as advisory, including mergers and acquisitions, sector and strategic advisory.

MKE also offers equity derivatives, market access and financing via its securities operations covering retail, prime and institutional broking, supported by its on-ground, ASEAN-wide company, sector, country and macro research.

ASSET MANAGEMENT



MAYBANK ASSET MANAGEMENT GROUP BERHAD

Maybank Asset Management Group Berhad (MAMG) provides fund management services and investment solutions in the Asian markets for corporates and institutions, high net worth individuals and mass retail clients. With access to over 300 strategies, MAMG runs a full spectrum of asset classes with a customisable layer for conventional and Shariah investments. Its operations are supported by a dedicated team of investment and research professionals, with more than 20 years of investment industry experience on average.

MAMG comprises Maybank Asset Management Sdn. Bhd., Maybank Islamic Asset Management Sdn. Bhd., Maybank Asset Management Singapore Pte. Ltd. and PT Maybank Asset Management. MAMG maintains several key strategic partnerships with reputable asset managers such as BNY Mellon Investment Management, Value Partners Group, Azimut Group and Schroders, leveraging their expertise and investment capabilities to offer investors global and thematic investment solutions.

MAMG's Assets Under Management amounted to RM26 billion as at 31 December 2018.

Strategic Business Units

INTERNATIONAL OPERATIONS

**MAYBANK SINGAPORE**

Maybank Singapore has a net asset size of approximately SGD73.3 billion and staff strength of over 2,000. As one of the domestic systemically important banks (D-SIBs) identified by the Monetary Authority of Singapore, Maybank Singapore Limited (MSL) was established as a Singapore-incorporated subsidiary with Qualifying Full Bank (QFB) privileges in 2018. Maybank Singapore Limited operates in 27 service locations and offers retail (personal banking, privilege wealth, premier wealth), private wealth and SME banking services. Part of atm⁵, Singapore's only shared ATM network among six participating QFBs, MSL has a combined reach of more than 200 ATMs islandwide. Maybank's Singapore Branch provides wholesale and investment banking solutions for corporate and institutional clients, and provides banking services at 10 branch locations. Maybank Singapore contributed 12.2% and 25.6% to the Group's profit before tax and gross loans* respectively in FY2018.

**PT BANK MAYBANK INDONESIA TBK**

PT Bank Maybank Indonesia Tbk (Maybank Indonesia) is a subsidiary of Maybank and is listed on the Indonesia Stock Exchange (Ticker: BNII). It provides a comprehensive range of products and services to individual and corporate customers through its Community Financial Services (Retail Banking and Non-Retail Banking) and Global Banking businesses through its network of 386 branches (which includes 13 Shariah branches and one overseas branch in Mumbai) and 1,609 ATMs including 93 cash deposit machines. Maybank Indonesia is the ninth largest commercial bank by assets at IDR177.5 trillion and has total customer deposits of IDR116.8 trillion as at 31 December 2018. Maybank Indonesia contributed 6.9% and 7.6% to the Group's profit before tax and gross loans* respectively in FY2018.

**MAYBANK GREATER CHINA**

Maybank Greater China (GC) consists of five branches in Hong Kong (HK), Shanghai, Beijing, Kunming and Shenzhen. We provide wholesale banking services to corporate clients in HK and China, primarily to inbound/outbound ASEAN corporates, Chinese/HK corporates with regional operations and projects as well as financial institutions. Maybank HK also offers Private Wealth products to cater to our high net worth clients.

**MAYBANK VIETNAM**

Maybank Vietnam was established in 1995 and offers wholesale banking services including capital expenditure financing, working capital, trade and FX products and project financing to regional corporate clients through our branches in Ho Chi Minh and Hanoi.

**MAYBANK CAMBODIA PLC**

Maybank Cambodia Plc (MCP) was established in 1993 and locally incorporated in 2012. MCP provides a full range of banking services to emerging affluent and affluent consumers, retail SMEs and corporate clients through 21 branches across Cambodia.

**MAYBANK PHILIPPINES INCORPORATED**

Maybank Philippines Incorporated (MPI) is a full-fledged commercial bank with 74 branches – the largest branch network amongst the foreign banks in the country. MPI offers a wide array of financial solutions customised for emerging affluent and affluent clients, retail SMEs, top and mid-tier corporations in the Philippines. MPI is also involved in treasury business, including money market and foreign exchange as well as trust services.

**MAYBANK LAOS**

Maybank Laos serves retail SMEs and mid-tier local and ASEAN corporate clients through two branches in Vientiane since 2012.

**MAYBANK MYANMAR**

Maybank Myanmar offers wholesale banking services including capital expenditure financing, working capital, trade and project financing to regional corporate clients, primarily ASEAN corporates. Maybank is also the first and only Malaysian bank to be granted a foreign banking license by the Central Bank of Myanmar in 2015.

**MAYBANK NEW YORK**

Maybank New York has been in operations since 1984 and engages in wholesale banking, focusing on corporate lending, treasury and capital markets as well as trade finance. The branch also participates in loan syndications and bilateral arrangements.

**MAYBANK LONDON**

Established in 1962, Maybank London serves as an ASEAN-Europe banking partner for corporate clients and financial institutions, focusing primarily on corporate lending, treasury, capital markets and trade finance. We also provide Shariah-compliant products to both corporate and high net worth retail clients.

**MAYBANK BRUNEI**

Established for 58 years, Maybank Brunei provides a range of retail and commercial banking services and products through our two branches located in Bandar Seri Begawan and Seria.

ASSOCIATES

**MCB BANK LTD**

MCB Bank (MCB) is an 18.78%-owned associate of Maybank. Incorporated in 1947 and privatised in 1991, MCB operates as one of the premier financial institutions in Pakistan with more than 70 years of experience. MCB serves through a network of 1,565 branches within Pakistan and 11 branches outside the country and has presence in Sri Lanka, Dubai, Bahrain and Azerbaijan. MCB also caters to the financial needs of the growing Islamic segment through its wholly-owned subsidiary, MCB Islamic Bank Limited.

**AN BINH BANK**

An Binh Bank (ABBank) is a 20%-owned associate of Maybank. Founded in May 1993, ABBank offers a full range of retail and commercial banking products and services through its network of 165 branches and sub-branch offices across 34 provinces in Vietnam.

**UZBEK INTERNATIONAL A.O.**

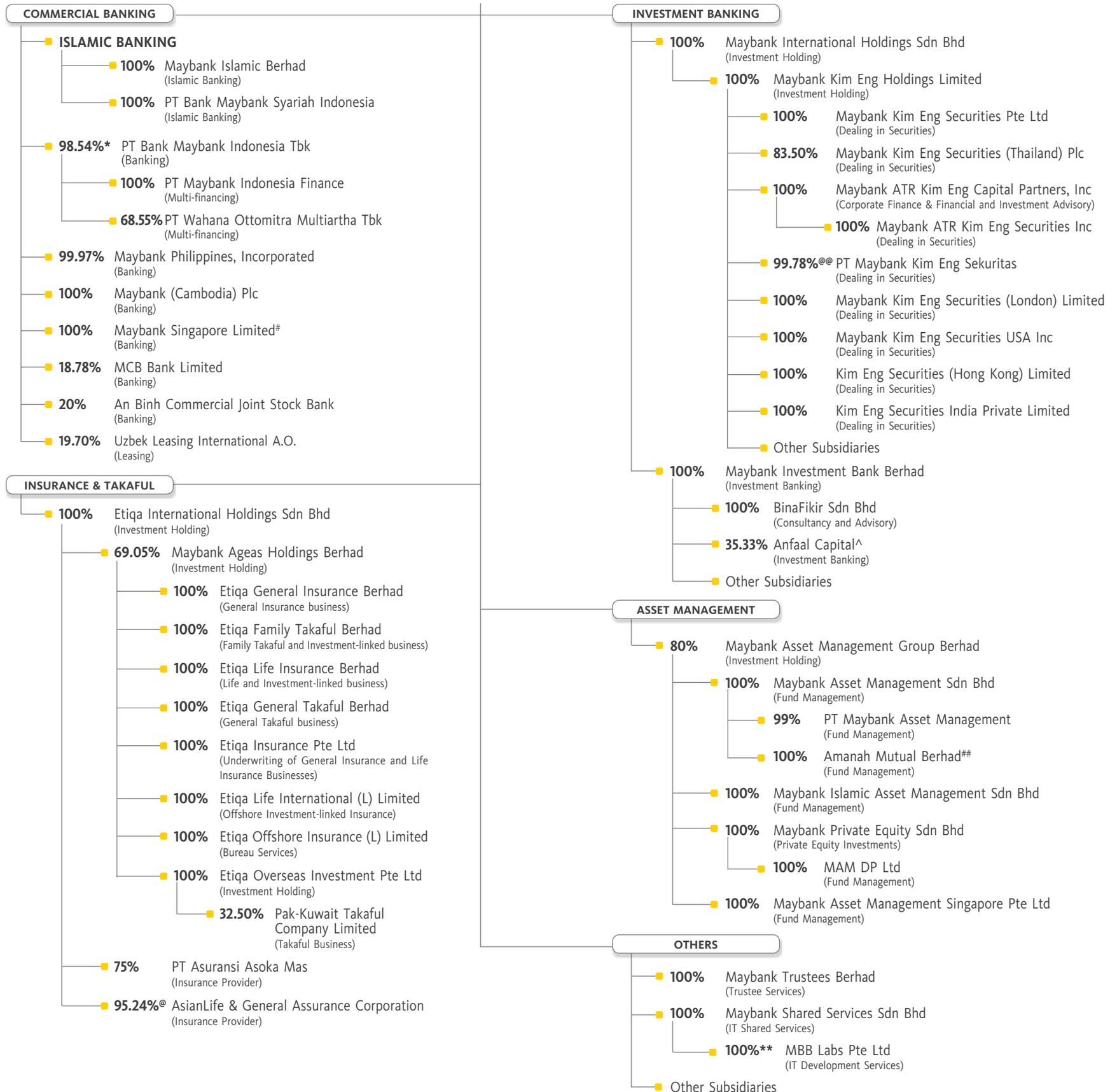
Uzbek Leasing International A.O. (Uzbek Leasing) is a 19.7%-owned associate of Maybank. It specialises in providing a wide spectrum of financial and leasing services across eight regional representative offices throughout Uzbekistan.

* Including Islamic loans sold to Cagamas and excluding unwinding of interest.



Group Corporate Structure

As at 31 December 2018



Notes:

¹ This chart is not the complete list of Maybank subsidiaries and associates. Companies that are not shown include those that are dormant, under liquidation, have ceased operations, or are property investment or nominee services companies. For the complete list please refer to Note 68: Details of Subsidiaries, Deemed Controlled Structured Entities, Associates and Joint Ventures in the Financial Statements book of the Annual Report 2018.

² Where investment holding companies are omitted, shareholdings are shown as effective interest.

* Effective interest held by the Group. Refer to Note 68, footnote 15, page 314 in the Financial Statements book of the Annual Report 2018 for the details.

** 0.01% is held by Dourado Tora Holdings Sdn Bhd.

^ Joint Venture

New subsidiary incorporated in Singapore. Refer to Note 65(i)(f), page 269 in the Financial Statements book of the Annual Report 2018 for the details.

New subsidiary acquired. Refer to Note 65(i)(b)(i), page 268 in the Financial Statements book of the Annual Report 2018 for the details.

@ Effective interest held by the Group. 54.66% is held by Etiqa International Holdings Sdn Bhd and 40.58% is held by Maybank ATR Kim Eng Capital Partners, Inc.

@@ Effective interest held by the Group. 85% is held by Maybank Kim Eng Holdings Limited and 15% is held by PT Maybank Indonesia Finance (14.78% effective interest held by the Group).

Group Organisation Structure



Helms Maybank Group's overall business growth and regionalisation strategies and ensures the delivery of long-term value for shareholders, customers, employees and all other stakeholders.

DATUK ABDUL FARID ALIAS
Group President & Chief Executive Officer

BUSINESS



COMMUNITY FINANCIAL SERVICES
DATO' JOHN CHONG ENG CHUAN
Group Chief Executive Officer,
Community Financial Services

Leads Group Community Financial Services' business growth and strategic direction across the region, covering wealth management, consumer and branch, retail SME, business banking and virtual banking.



GLOBAL BANKING
DATO' MUZAFFAR HISHAM
Group Chief Executive Officer,
Global Banking

Leads Group Global Banking's business growth and regionalisation strategies for services including corporate and transaction banking, investment banking, treasury, asset management and client coverage.

FUNCTION



GROUP FINANCE
DATO' AMIRUL FEISAL WAN ZAHIR
Group Chief Financial Officer

Leads the Group's financial planning, budgeting, reporting and recovery process and manages the Group's capital and funding to ensure sustainable growth for the organisation.



ISLAMIC BANKING
DATO' MOHAMED RAFIQUE MERICAN
MOHD WAHIDUDDIN MERICAN
Group Chief Executive Officer, Islamic Banking

Leads Group Islamic Banking's franchise growth and regional expansion as well as oversees its business strategies, product development and risk and Shariah-compliant management.



INSURANCE & TAKAFUL
KAMALUDIN AHMAD
Group Chief Executive Officer,
Insurance & Takaful

Drives and manages the overall strategy, growth and profitability of the Group's Insurance and Takaful business across the region.



GROUP STRATEGY & INTERNATIONAL
MICHAEL FOONG SEONG YEW
Group Chief Strategy Officer &
Chief Executive Officer, International

Develops the Group's long-term strategy and drives its regionalisation, digital and business development agenda. Also, leads and transforms the Group's international operations covering 13 countries.

Note:
The organisation structure depicts key businesses, support and country functions and may not include other support functions.



Group Organisation Structure

GROUP CORPORATE & LEGAL SERVICES

WAN MARZIMIN WAN MUHAMMAD
Group General Counsel & Group Company Secretary

Leads the Group's legal and corporate secretarial functions and advises the Group on corporate governance practices and regulations.

GROUP AUDIT

NAZLEE ABDUL HAMID
Group Chief Audit Executive

Leads Internal Audit in enhancing and protecting organisational value by providing risk-based and objective assurance, advice and insight.

GROUP COMPLIANCE

DANIEL WONG LIANG YEE
Group Chief Compliance Officer

Responsible for leading and providing a Group-wide view on the management of compliance risk.



GROUP HUMAN CAPITAL

NORA ABD MANAF
Group Chief Human Capital Officer

Builds and curates innovative and meaningful Human Capital strategies, initiatives and policies to develop and empower talents with high adaptability to drive sustainable growth and business performance.



GROUP RISK

GILBERT KOHNKE
Group Chief Risk Officer

Strategises and leads an effective enterprise-wide risk management framework for the Group while implementing proactive and forward-looking risk practices to support its strategic aspirations.

COUNTRY



SINGAPORE

DR. JOHN LEE HIN HOCK
Country Chief Executive Officer & Chief Executive Officer, Maybank Singapore

Leads Maybank Singapore's business growth, and drives its strategy, branding and innovation development in line with the Group's vision, mission and objectives.



GROUP TECHNOLOGY

MOHD SUHAIL AMAR SURESH
Group Chief Technology Officer

Builds differentiated regional strategic capabilities for the Group by leveraging technology as a competitive advantage, especially for enhanced customer experience, greater efficiency and cost advantage.



GROUP OPERATIONS

JEROME HON KAH CHO
Group Chief Operations Officer

Formulates and develops the Group's operational strategy and oversees the efficient and effective delivery of services to support the Group's vision and mission.



INDONESIA

TASWIN ZAKARIA
President Director, Maybank Indonesia

Establishes strategic policies and provides overall direction for Maybank Indonesia's business operations as well as directly supervises the development of Shariah banking business.

Full profiles can be obtained on pages 80 and 82 to 85.

Key Messages to



DMS
DATUK MOHAIYANI SHAMSUDIN
Chairman



DAFA
DATUK ABDUL FARID ALIAS
Group President &
Chief Executive Officer

Shareholders

Maybank Group's Chairman Datuk Mohaiyani Shamsudin and Group President and Chief Executive Officer Datuk Abdul Farid Alias share their views on 2018 developments for focus areas under the purview of the Board of Directors, including long-term value creation for shareholders, compliance management, succession planning and the Group's sustainability agenda. As part of the Board's oversight on how the Group Executive Committee manages Maybank Group, the Board emphasises that the organisation remains true to its mission statement of Humanising Financial Services and ensures that all efforts throughout the organisation are founded on this mission.

Maybank Group's mission of **Humanising Financial Services** is the **backbone behind the Group's overarching strategy**



Q1 Why does the Board place such a strong emphasis on the Group's mission and the way it is applied across the organisation?

DMS >

A mission acts as a moral compass for an organisation. It tells you what your goals and values should be. It also serves as a constant reminder of why you exist and what your purpose should be. In this case, Maybank Group's mission of Humanising Financial Services is the backbone behind the Group's overarching strategy, in how Maybank approaches the delivery of its products and services and in ensuring that we uphold sustainable practices that consider the wider impact we have on all our stakeholder groups, such as customers, business partners, communities, investors, our people and regulators.

Q2 What are some of the key priorities for Maybank Group's Board of Directors and developments seen in 2018?

DMS >

As custodians of Maybank Group's shareholders' interests, the Board seeks to ensure that the organisation is pursuing a business strategy that enables long-term value creation in a rapidly changing operating landscape. Not only does the Board continuously review and deliberate internal papers covering all aspects of the organisation's development, we also provide close oversight on the Group's performance drivers and rewards to shareholders. We are proud to say that Maybank has delivered another year of record profits against a volatile operating environment that posed many challenges domestically and globally. Maybank Group achieved a new high in net profit of RM8.11 billion for FY2018, exceeding the RM8 billion mark for the very first time. On the back of our strong earnings, the Board is recommending a final dividend of 32 sen per share for FY2018, which will bring our full year dividend payout to 57 sen per share, or a total dividend payout of RM6.27 billion. Arising from our strong dividend payout, our dividend yield was 6.0% in FY2018, making us one of the highest dividend yield banking stocks in Southeast Asia.

57 sen

total dividend
per share

6.0% dividend
yield

one of the highest
among banks in the region



Q2 What are some of the key priorities for Maybank Group's Board of Directors and developments seen in 2018?
cont'd.

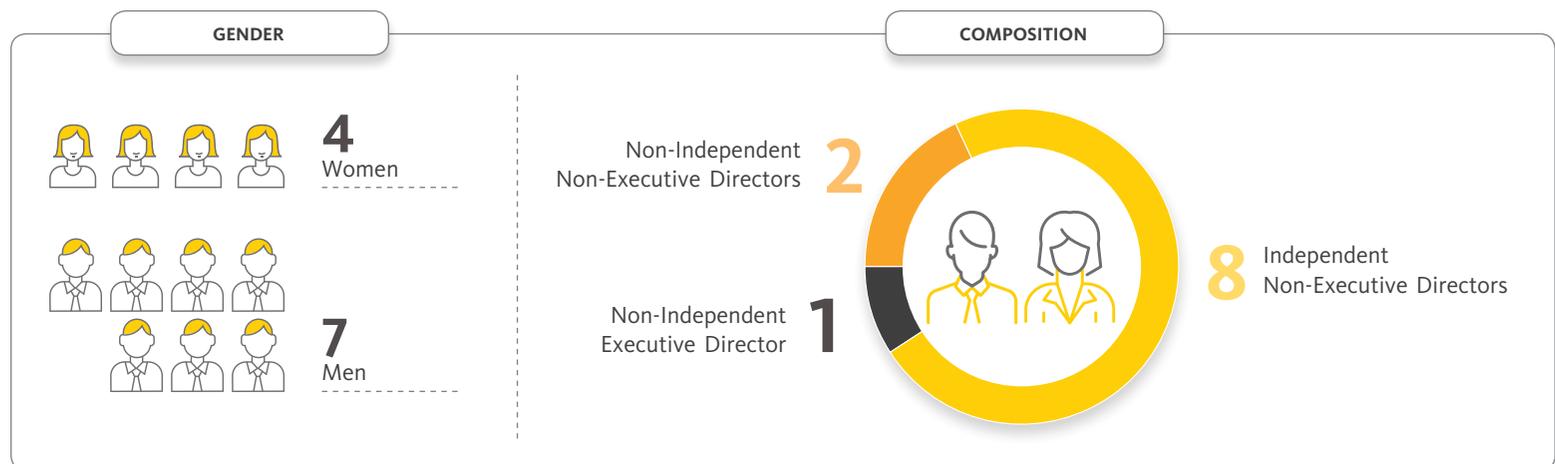
DAFA >

Another area of continued focus for us in 2018 was the strengthening and institutionalising of the compliance culture Group-wide. We, as the largest financial institution in Malaysia and with a wide footprint across the region, need to ensure that we are doing our part to continuously enhance our capabilities in combating financial crimes such as financing of terrorism and corruption, money laundering and any other illegal activity, due to rapid technological advancements. While we look to improve our compliance management and monitoring processes, we also need to find better ways of implementing these enhancements so that we do not end up inconveniencing our customers through added compliance processes. Meanwhile, to ensure that our people understand the importance of the compliance agenda and the impact it has on the Group and its stakeholders, our employees were given a series of refreshers on the Group's Code of Ethics and Conduct, key regulations and a compliance culture assessment to gauge the level of compliance awareness within the Group. The Board does give compliance risk management the highest level of attention, as demonstrated with the establishment of the Compliance Committee of the Board in 2017.

DMS >

Succession planning, as part of our Corporate Governance oversight, is another priority for the Board. We undertake a thorough and regular talent pool review for Maybank Group's non-executive directors, to ensure that we are able to maintain a robust, knowledgeable and diverse board composition at any given time. We currently have 10 non-executive directors, of whom eight are independent. Joining our Board in 2018 as independent non-executive directors were Che Zakiah Che Din, Fauziah Hisham and Shariffuddin Khalid. Fauziah brings with her an impressive financial services background, having served in multinational banks while both Che Zakiah and Shariffuddin's extensive experience with Bank Negara Malaysia add to the Board's regulatory insights. While we strengthened our board composition with the addition of new board members, we, unfortunately, said goodbye to one director in November 2018. It is with deep sadness that we inform our shareholders of the unexpected demise of Datin Paduka Jam'iah Abdul Hamid. We will continue to review the non-executive directors' talent pool to build on our current combined expertise and adhere to the Group's Inclusiveness and Diversity Agenda. Women representation on the Board is currently at 36% and we have two board members of foreign nationality, Edwin Gerungan from Indonesia and Anthony Brent Elam from the US. Aside from looking at the Board's succession planning, we also rigorously and consistently review the succession pipeline of the Group Executive Committee members and their immediate direct reports, as well as the appointments of senior officers, to ensure the organisation's longer-term sustainability.

More details on the Board's key priorities can be found in the Corporate Governance Overview Statement on page 90.



Q3 How does Maybank Group approach its sustainability agenda and environmental, social and governance (ESG) considerations?

DAFA >

For the fifth consecutive year, Maybank has retained its “A” rating by MSCI ESG Research. The ratings are constructed based on 37 key ESG issues, which include climate change, human capital, product liability, social opportunities and corporate governance, among others. Maybank’s strength in attaining this ranking is anchored on our mission of Humanising Financial Services, as we have been recognised for our customer centric initiatives. This includes ensuring that our retail customers’ rights are looked after and managed by the Group, providing help to financially distressed customers (i.e. affected by floods, among other natural disasters) through loan modification programmes and being one of the regional leaders in providing digital banking services to customers in ASEAN, including the underbanked segments. Although we have achieved recognition in some aspects of our ESG efforts, we are still on our journey of charting a more robust sustainability agenda with refinements to our ESG practices. In formulating the thinking behind our sustainability structure that addresses ESG concerns, we asked ourselves questions such as “What type of impact do we want to make and what type of relationships do we want to have with our various stakeholder groups?”, to ensure that the outcome serves our mission. Ultimately, financial success requires us to identify and address ESG considerations that present risks and opportunities for our business. Furthermore, the Board of Directors regularly reviews the Group’s sustainability implementation progress and ESG developments. While we initially established a Responsible Lending Guideline in 2015 to manage ESG risks, we subsequently expanded this into an ESG Risk Management Framework and endorsed it as a Policy in 2018, following the Board’s approval. The Policy was operationalised throughout the Group in 2018, with ESG risk assessments integrated into our day-to-day decisions in relation to financing practices.



Q4 How does Maybank contribute to the development of its surrounding communities?

DMS >

To integrate sustainability into our core business, we focus on impact-based solutions and on empowering communities. We empower the communities in markets where we operate through targeted social investments, employee volunteerism efforts, and long-term partnerships. It makes sense for us to mobilise initiatives in the markets we serve, as our Maybankers can then be directly involved and build stronger bonds with communities in the locations where our outreach programmes are held. Our community investments are managed by Maybank Foundation, in line with priorities identified under the Maybank 20/20 Sustainability Plan. We continued to channel about 1% of net profit to corporate social responsibility programmes in 2018. One of our flagship community empowerment programmes is Reach Independence & Sustainable Entrepreneurship Programme (R.I.S.E.), which is meant to build the capabilities of the differently-abled through a structured training and mentoring programme. Carried out in Malaysia, Indonesia and the Philippines, R.I.S.E. was able to reach and train 2,901 individuals in 2018, bringing to a total of 5,731 individuals trained from September 2014 to December 2018.

More details on our various community programmes can be found in our Sustainability Statement on page 108.

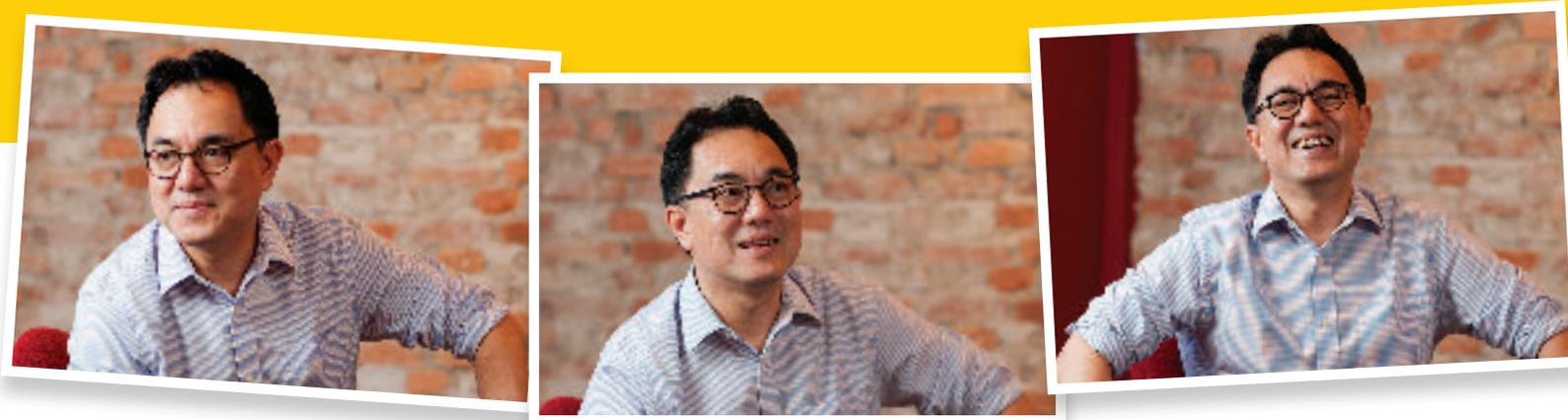
about
1%
of net profit
channelled towards corporate
social responsibility programmes



Refle Group

DATUK ABDUL FARID ALIAS
Group President & Chief Executive Officer



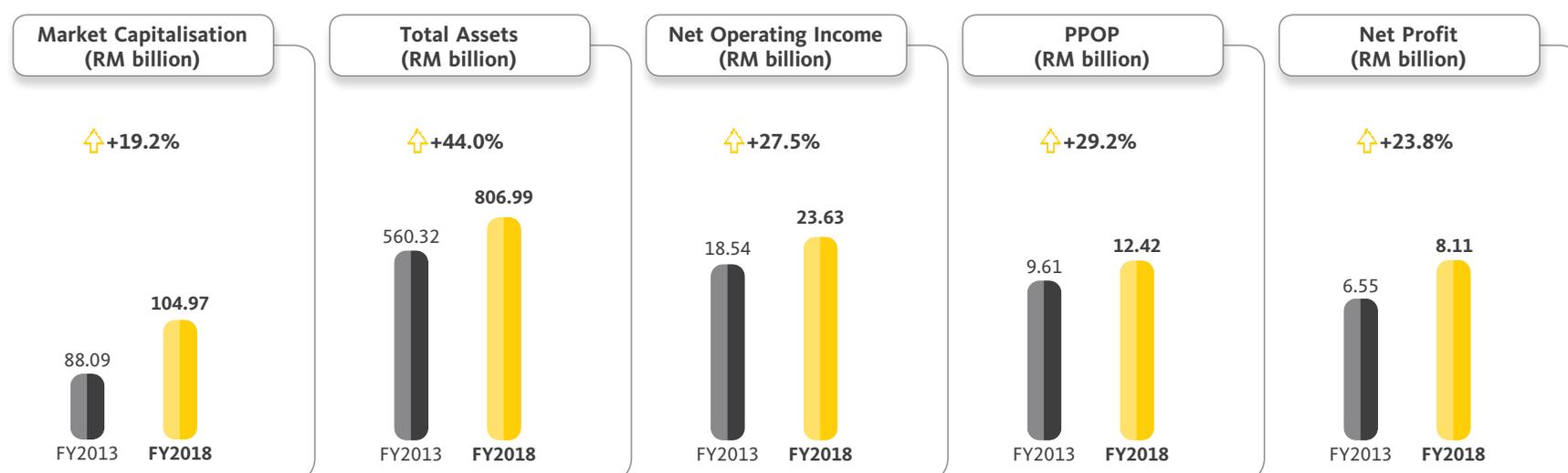


ctions from Our President & CEO

The year 2018 marked my fifth full year of leading Maybank Group, the fourth largest bank in ASEAN by asset size and the largest-listed company in Malaysia. Our asset base has grown from RM560.32 billion as at end 2013 to RM806.99 billion as of financial year ended 31 December 2018 (FY2018) while our market capitalisation has risen from RM88.09 billion to RM104.97 billion.

Balance sheet and market capitalisation strengths were not our only achievements, as my team comprising around 43,000 Maybankers as well as those no longer with us, have collectively improved the fundamental performance of this organisation and brought Maybank to greater heights with our net operating income, pre-provisioning operating profit (PPOP) and net profit rising 27.5%, 29.2% and 23.8% respectively for the same period mentioned above. As such, we have been able to sustain our shareholder rewards with a gross dividend payout ratio surpassing 70% and an attractive dividend yield of 6%.

Reflecting on the past five years, having stepped into this role in August 2013, it is safe to say that the needs and conditions of leading this organisation have changed significantly. The financial services industry, specifically banking, has had to redefine itself owing to constant regulatory and accounting changes, with the former placing greater emphasis on capital and liquidity expectations while newer accounting standards such as Malaysian Financial Reporting Standards (MFRS) 9 and 16 increase credit provisioning amounts and affect the recognition of leases respectively, which has a downward impact on a bank's earnings and capital levels. Over and above these evolving regulatory and accounting requirements, the operating landscape has become increasingly unpredictable due to volatility in financial markets, capital flows, currencies and commodity prices as global economic superpowers become more insular with rising protectionism measures that affect global trade and growth. In short, projecting revenue growth has become increasingly challenging.



Reflections from Our Group President & CEO

Adding to these changes has been the swift entry of digitalisation, which has disrupted many industries in the past decade including the financial industry. This has altered our customers' expectations, needs and behaviours, thus shaping the way we serve and deliver our services. Fundamentally, customers want electronic platforms (e-platforms) that provide user-friendly, safe, secure and fast financial services that meet their needs. Meanwhile, our fiduciary duty requires us to provide e-platforms that meet our customers' expectations and adhere to governance and compliance requirements. To support these evolving customer trends, we will need to invest mindfully in the necessary infrastructure and analytical tools and ensure that our people are equipped to perform effectively in a digital economy. As digitalisation of services chip away at the traditional income streams generated by brick and mortar establishments, we are compelled to re-evaluate sustainable income streams and existing cost structures to remain relevant in tomorrow's world.

Suffice to say, I've learnt many lessons while leading this organisation. Allow me to share my top five learnings; one lesson for every year at the helm.

LESSON 1



Liquidity and Capital Strength

If cash is king to most, then liquidity and capital are the equivalent for banks. Given how quickly diverging geopolitical decisions and macroeconomic trends can affect growth, financial markets and capital flows, banks need to constantly ensure they have sufficient liquidity to meet their obligations. Failing to do so has severe and far-reaching ramifications for the entire financial ecosystem. At Maybank, we never compromise on our capital and liquidity strength given our size in Malaysia and ASEAN.

LESSON 2



Sustainable Growth

In an environment where revenue growth has become harder, we should grow responsibly and look for longer-term sustainability. What this means is that we will not necessarily grow our balance sheet for scale and volume, but instead, look at protecting our margins as well as pricing credits and liabilities correctly for the benefit of both our customers and investors because it is the right thing to do. We also look for sustainable income streams that preserve the longevity of the organisation, as opposed to overly focusing on generating short-term profits. Given our reach in ASEAN, it is our responsibility to grow with our partners, customers, communities and investors in a sustainable manner while incorporating emerging environmental, social and governance considerations into our longer-term strategic aspirations.

LESSON 3



Agility and Nimbleness

The need for agility and nimbleness. Granted, digitalisation is the key driver for this but it is not the only reason. The operating landscape has become so fluid and unpredictable that we are forced to react promptly to such shifts or risk becoming obsolete. While we may not be able to make all the right assumptions on the different moving parts, we do our best to quantify what we can and from there, execute a strategy and approach that seeks steady and stable growth.

LESSON 4



Sense of Purpose

I'm circling back to my 2017 annual report statement that spoke about a sense of purpose. For Maybank, our purpose is to fulfil our customers' ambitions by building trusted relationships that last for generations through different life stages. We aim to treat all our stakeholders fairly, provide advice based on their needs and capacity, and simplify financial solutions. Our purpose is premised on our mission of Humanising Financial Services, as it keeps us focused on what we do, who we are doing it for and why we are doing it.

LESSON 5



Looking Out for the Underserved

Finally, this lesson has linkages to our sense of purpose and is especially close to my heart. Being a financial services provider, we are not only about providing services to those who can afford it but to those who are truly in need of such services. As the largest financial services provider in Malaysia and given our extensive reach throughout ASEAN, it is our social responsibility to look out for the underserved and find ways to make financial solutions accessible to them. Clearly, this requires us to look at how our products are developed and find ways to build the right risk structure to facilitate the delivery of financial services to this segment. Only by improving the welfare of different segments in the communities we serve can all of us prosper in ASEAN.





Return on Equity of
11.4%
Above KPI of 11%



Strong CET1
Capital Ratio of
15.029%



Robust Liquidity
Coverage Ratio of
132.4%

A CONSERVATIVE RISK POSTURE THROUGHOUT 2018

We began 2018 with an expectation that the Group's net interest margin (NIM) would expand by five basis points (bps) on the back of a rising rate environment. The expected NIM upside would be driven from selective re-pricing in home markets such as Malaysia and Singapore and selective loans growth across our markets and business segments. In Indonesia, we expected margin to come under pressure, due to intense pricing competition on both ends of the asset and liability composition.

However, our initial expectation of Group NIM expansion was before we decided in the first quarter to increase our liquidity buffers across our home markets, ahead of the Malaysian General Election held last May. This decision was made as part of our risk management practises and conservative risk posture to ensure that we would remain capable of serving our extensive regional clientele and continue meeting our obligations, in any election outcome.

As a result of our liquidity drive carried throughout the first two quarters of the year, our cost of funds rose as we increased our fixed deposit base, especially in Malaysia and Singapore. Arising from this, we decided to revise our full year NIM expectation to a slight compression on the back of higher cost of funds. Although we weaned off the expensive deposits in the second half of 2018, our full year NIM compressed marginally as anticipated, by three bps to 2.33% for FY2018.

To mitigate the higher cost of funds, we focused on selective growth across our home markets and business segments against a backdrop of slower economic growth in Malaysia and Singapore. Our key focus was to grow loans at the right price to preserve margins. We managed to see continued growth in our retail franchise and corporate segments, with loan portfolios in Malaysia, Singapore and Indonesia expanding by 4.8%, 4.5% and 7.0% respectively. Our loans growth across markets resulted in Group loans growth of 4.8%, which supported our net fund based income growth of 3.1% for FY2018.

To describe 2018 as riddled with challenges is an understatement. Escalating trade war tensions between the US and China and continued foreign capital outflows from ASEAN markets weakened some ASEAN currencies against the US dollar. This depressed trading volumes and impacted fee income streams for trading and investment books of banks across the region. Likewise, we saw our net fee based income decline by 1.8% owing to the weaker equity markets. Despite softer net fee based income, our revenue grew by 1.7% on the back of loans growth.

We also made a concerted effort to be extra vigilant over cost management in an operating landscape where revenue pressures were felt. We focused on improving productivity levers and with the absence of one-off cost items seen in FY2017, our overhead expenses declined by 1.0% YoY. This resulted in a cost-to-income ratio of 47.4% and a positive JAWs position of 2.7%. The combination of income growth and diligent cost management allowed us to achieve a new record for pre-provisioning operating profit of RM12.42 billion.

Meanwhile, our Group gross impaired loans (GIL) ratio was relatively stable at 2.41% as of end December 2018 versus 2.34% a year ago, despite several new corporate impairments made across our home markets and the adoption of MFRS 9 effective 1 January 2018. Contributing to the stable GIL ratio was the slower new impaired loan formation as well as higher recoveries and write-offs made for some older impaired accounts. This resulted in overall lower net provisioning charges for FY2018, which saw our net impairment losses reduce by 20.5% YoY.

On the back of lower net provisioning charges, we achieved a new high in net profit for the second consecutive year. Net profit rose 7.9% to RM8.11 billion for FY2018, translating to an earnings per share of 74.2 sen versus 72.0 sen a year earlier. The Group's return on equity (ROE) was 11.4%, above our full year key performance indicator (KPI) set at 11%.

As with previous years, we continued to prioritise liquidity and capital strength. Our liquidity coverage ratio was 132.4%, loans-to-fund ratio at 86.2%, loans-to-fund-and-equity ratio at 76.1% and loan-to-deposit ratio at 92.7% as of end December. Meanwhile, our CET1 capital and total capital ratios for the Group were 15.029% and 19.024% respectively. More details on our financial performance can be found under Reflections from my colleague, Our Group Chief Financial Officer on page 32.



Reflections from Our Group President & CEO

EMBRACING THE DIGITAL ECONOMY

In preparing ourselves for the digital economy, we must remain relevant by being obsessively customer focused (which is a challenge we are taking) by offering products based on their evolving needs and having the right infrastructure and talent to support the development of these products. Being The Digital Bank of Choice goes beyond launching new apps or services online. It encompasses analysing customers' behaviours and needs, and then delivering a solution to address that demand. We believe this ensures our continued relevance to our customers.

An example is the launch of our new and improved Maybank2u desktop website in early 2018. Similar to how it was done for our Maybank2u Mobile App launched in 2017, the new website was designed based on feedback obtained from our customers, with the aim of making it more intuitive and to deliver a personalised and seamless customer experience, with a faster turnaround time.

We were also the first bank in Malaysia to introduce a cashless payment solution, QRPay, which has over 200,000 merchants on-board now. QRPay offers merchants a quick and secure new way to accept cashless payments and reduce their physical cash holding. More details on our digital milestones can be obtained in The Digital Bank of Choice section on page 61.

We believe it is important for us to build the right data architecture and infrastructure to support our transition to become The Digital Bank of Choice. On this front, we have initiated the creation of a universal data lake for the Group to effectively house and mine all data within the organisation in a secure manner. We have also established an offshore development centre in Bangalore, India so that we have access to digital talents with the necessary mathematical and computing skills to enable us to meet rapidly evolving digital banking needs. With the advancement in data analytics and science, banks can create models to provide better services to customers and improve their risk modelling. These are some of the initiatives that will allow us to determine the Group's optimal balance sheet structure, identify the right pricing of our assets and liabilities to maximise risk-returns and ensure the right matching of liabilities to assets for effective liquidity utilisation.

Aside from investing in product development and the necessary architecture, we need to invest in our people to ensure that they are ready for the digital economy. We introduced the first phase of our FutureReady Digital Upskilling Programme in January 2018 to increase employees' digital literacy. This programme touches on six key skills and in summary, the programme aims to create an awareness among our people about the application of new technologies to business; how data analytics can be applied to decision-making, gaining insights or solving problems; how products and services should be designed from a customer's perspective; how to engage customers quickly and effectively, as well as understanding and managing risk in the digital economy.

Maybank Group's Board of Directors and senior management have invested over 500 man-days in intensive classroom learning sessions to pick-up new skills such as coding, algorithms programming and to understand how these skills can be developed in-house. Further details on our workforce futurisation initiatives can be found under the Group Human Capital section on page 71.



BOD and senior management invested

500

man-days in digital classroom learnings



Established an offshore development centre

to access talents with mathematical and computing skills

INCORPORATION OF MAYBANK SINGAPORE LIMITED

We also successfully completed the local incorporation exercise of Maybank Singapore Limited (MSL) on 5 November, which involved transferring the Community Financial Services business from our Singapore branch to MSL. Congratulations to Dr John Lee, CEO of Maybank Singapore and his team on the successful incorporation of MSL, which further solidifies our commitment to our customers and communities in Singapore, where we have had a presence for as long as we have been in Malaysia.

In conjunction with the incorporation, we committed SGD1.55 million to the Maybank Family Fund @ CDCs (Community Development Councils) to support programmes which provide financial empowerment, livelihood and employability for low-income families under the People's Association. We were also recognised by the National Volunteerism & Philanthropy Centre as a Champion of Good, for exemplary volunteerism and corporate giving initiatives.

The MSL incorporation solidifies our commitment to Singapore



OUTLOOK FOR 2019

For the year ahead, our expectation is for global growth to moderate to 3.6% compared with growth of 3.8% in 2018. The moderating trends are premised on the build-up in headwinds experienced in 2018, namely global trade tensions underpinned by a possible continuation of the US-China trade war, tighter monetary policies and liquidity and the possibility of a no-deal Brexit outcome triggering short-term volatility in global financial markets.

Malaysia is expected to chart stable GDP growth of 4.9% in 2019, from 4.7% in 2018 on the back of growth in mining and agriculture sectors as well as private investments. In Singapore, we expect GDP growth to ease to 1.8% in 2019 from 3.2% in 2018, driven by softness in the export-based manufacturing sector and trade-related services amid a global semiconductor industry downcycle as well as effects from the US-China trade war. Indonesia's economy is expected to remain stable at 5.1% in 2019, on the back of private consumption growth and continued infrastructure spending.

As a Group, we will continue to protect margins via selective asset growth, while at the same time expand our base of cheaper funding sources. That said, the upcoming regulatory implementation of the Net Stable Funding Ratio in 2020 for Malaysia could lead to deposit competition in the market, resulting in higher funding cost.

Our franchise growth engine will continue to be the catalyst for the Group in both the consumer and corporate lending space, while we look to leverage better on our regional presence to have a greater impact in markets where we have more propensity to grow, relative to the home markets.

Apart from our growth drivers, we will remain focused on cost and asset quality management Group-wide. Through the abovementioned areas, the Group has set an ROE KPI of 11% in FY2019.

On the digital front, we will look to enhance our suite of innovative solutions to benefit both our current customers, as well as tap into a large non-customer base who have not established any banking relationship with us. One such innovation is our newly launched lifestyle-themed 'e-wallet' named "MAE", which is available in Malaysia starting March 2019. Anyone above the age of 12 can apply to create a "MAE" account, without the need to have a pre-existing Maybank account. Creating an account can also be done at the comfort of one's home, without having to visit any of our branches. Solutions such as these will widen our customer reach and encourage a migration to a cashless economy.



Our focus remains on **launching innovative digital products** such as **MAE**

NOTE OF APPRECIATION

Before I sign off on my statement, allow me to provide an update on key senior management changes which transpired during the year. Two Maybank veterans, Datuk Lim Hong Tat and Pollie Sim, retired in 2018. Both their roles were filled by internal talents owing to our strong internal leadership pipeline. Dato' John Chong, another Maybank veteran, who was previously CEO of Maybank Investment Bank Berhad and Maybank Kim Eng Group, stepped into Datuk Lim's role as Group CEO, Community Financial Services.

Michael Foong expanded his role as Group Chief Strategy Officer to become the CEO of International as well, taking over the latter responsibility from Pollie. Meanwhile, Dato' John's successors are also Maybankers, with Ami Moris appointed as CEO of Maybank Kim Eng Group and Fad'l Mohamed made CEO of Maybank Investment Bank Berhad.

To Datuk Lim and Pollie, please accept my deepest gratitude for your commitment and tireless service to Maybank Group. We wish you the very best. We are indeed fortunate to retain your wealth of knowledge with both continuing to serve as members of the Board of Directors for several of the Maybank subsidiaries.

To Dato' John, Michael, Ami and Fad'l, my personal best wishes in your new roles.

I would like to thank all Maybankers for their continued commitment and tireless contributions to the Group's performance in the past year and into the present year. I wish to also extend my deepest appreciation to our customers and shareholders for their unwavering trust, loyalty and support rendered in an extremely challenging year.

To our partners and the wider communities, my appreciation for your efforts and cooperation in our endeavours. I hope we will continue, side by side, to strive for greater heights in all our future ventures.

Finally, I'm exceptionally grateful for the guidance provided by members of the Maybank Board and those of the other entities within the Group, as well as the regulatory bodies in all the countries where we operate.

Thank you.

Our Maybank, Our Future

DATUK ABDUL FARID ALIAS

Group President & Chief Executive Officer

Our Business Model

WE DEPLOY OUR CAPITALS OPTIMALLY

TO CREATE

FINANCIAL CAPITAL

Supported by:

- ⇒ Strong internal capital generation with net profit growth of 7.9% in FY2018 and stable core capital position with Group CET1 capital ratio of 15.029%.
- ⇒ Extensive retail franchise that generates our large customer funding base while our credit rating strength (Local: AAA, Foreign: A-) allows access to diversified wholesale funding sources.

INTELLECTUAL CAPITAL

Built on:

- ⇒ Strong brand reputation given our rich history and wide ASEAN presence. Reaffirmed as the most valuable and only AAA-rated bank brand in Malaysia.
- ⇒ Integrated risk management culture and framework, which encompasses strategy, system, process and people.
- ⇒ Online platform enhancements for Maybank2u website and mobile banking interface.

MANUFACTURED CAPITAL

Aimed at service delivery improvements by:

- ⇒ Streamlining operational processes for greater efficiency through automation and digitalisation, with 98% of customer transactions in Malaysia performed via self-service terminals and digital platforms.
- ⇒ Easy access to 2,601 retail branches and 5,463 self-service terminals.
- ⇒ Strong internet and mobile banking platforms in key ASEAN markets like Malaysia and Singapore.

HUMAN CAPITAL

Empowered by our T.I.G.E.R values:

- ⇒ Comprising a diversified workforce of about 43,000 employees across 18 countries.
- ⇒ With emphasis on developing talents and building a sustainable succession pipeline by investing RM131 million to upskill employees through learning programmes.

SOCIAL & RELATIONSHIP CAPITAL

Our commitment to the communities we serve:

- ⇒ About 1% of annual net profit channelled towards corporate social responsibility programmes and Maybankers investing 134,718 total volunteer hours.
- ⇒ By strengthening our commitment as a leading employer.

1 OUR VALUE CREATION STRATEGY

Staying true to our mission of Humanising Financial Services, Maybank is focused on creating sustainable value for the communities we serve by:

Maximising our potential in ASEAN, a region with a burgeoning middle class, a large, young but underbanked population and growing trade activities arising from the ASEAN Economic Community (AEC). We aspire to make financial services accessible to all in ASEAN and partner with our clients who seek to grow their businesses regionally.

Meeting the ever-evolving needs of customers by continuously transforming ourselves through digital innovations to serve in a fast, simple and secure manner.

In creating value, we abide by our T.I.G.E.R values and function within our well established governance structure. This structure supports strategic decision-making, balancing short-term and long-term objectives to ensure the sustainability of our business and the communities we serve.

Effective leadership:

Our diverse and knowledgeable Board provides counsel and oversight to the senior management team, which executes Maybank Group's strategy to drive value creation and improve performance.

Read more about our Board of Directors on page 78, Group Executive Committee on page 82, Group Shariah Committees on page 86, and Corporate Governance Overview Statement on page 89.

Core values, ethics and conduct:

We anchor our practices and credibility on our strong T.I.G.E.R values. Our Code of Ethics is available online at www.maybank.com

Robust risk management and internal controls:

Our effective system of managing internal and external risks safeguards our assets and stakeholder interests. Refer to the Group Risk Management and Group Compliance sections on pages 63 and 69 for more.

3 OUR STRONG GOVERNANCE



SUSTAINABLE VALUE

FOR OUR STAKEHOLDERS

2 OUR MAYBANK²⁰²⁰ STRATEGIC OBJECTIVES

To become the top ASEAN bank, our value-creation strategy is anchored on five strategic objectives:

The Top ASEAN Community Bank

We aim to be a leading retail & commercial financial services provider in ASEAN, leveraging our regional presence, banking expertise and growth opportunities in ASEAN. More on page 44.

The Leading ASEAN Wholesale Bank Linking Asia

We aspire to be the trusted ASEAN financial partner that links Asia by leveraging our ASEAN leadership capabilities to deliver client solutions across Asia. More on page 48.

The Leading ASEAN Insurer

We aim to be a leading ASEAN insurer by leveraging synergies between Maybank's regional banking footprint and Etiqa's expertise in takaful & bancassurance. More on page 52.

The Global Leader in Islamic Finance

We plan to continue delivering innovative client-centric universal financial solutions, building on our global leadership in Islamic Finance. More on page 56.

The Digital Bank of Choice

We aspire to be The Digital Bank of Choice by putting our customers' preferences first and transforming to deliver next-generation customer experience. More on page 59.

Performance measurement

We track our progress using a balanced scorecard to evaluate our performance against key performance indicators, which is consequential to remuneration decisions. Read more about our Remuneration policy on page 76.

Continuous focus on upskilling and training

Our emphasis on employee upskilling and talent development ensures that we have a sustainable workforce for the future, particularly in the digital age. Refer to the Group Human Capital section on page 70 for more.

Financial and non-financial value is created and delivered to our stakeholders.

CUSTOMERS

- ➔ New client-centric digital innovations such as Maybank QRPay, Maybank Trade, and E-CLEVA.
- ➔ A growth of active users by 17% YoY due to enhanced UI/UX design on Maybank2u website.
- ➔ Industry leader in customer experience with Net Promoter Score (NPS) of +22.
- ➔ Introduced innovative products such as HouzKEY to address demand for home ownership solutions.
- 📖 Refer to the Group Community Financial Services, Group Global Banking, Group Insurance & Takaful, Group Islamic Banking, The Digital Bank of Choice and Service Delivery on pages 44, 48, 52, 56, 59 and 62 for more.

INVESTORS

- ➔ Return on Equity of 11.4% for FY2018.
- ➔ Full year FY2018 dividend payout of RM6.27 billion.
- 📖 Refer to the Reflections from Our Group PCEO and Group CFO on pages 16 and 32 for more.

REGULATORS

- ➔ Compliance with regulatory requirements.
- ➔ Smooth adoption the new accounting standard MFRS 9.
- ➔ Contributed RM2.55 billion in taxes and zakat contributions.
- 📖 Refer to the Financial Statements book pages 66, 71 and 177 for more.

COMMUNITY

- ➔ Awarded RM24.19 million of academic scholarships.
- ➔ Maybank Foundation invested RM1.8 million in 2018 for the Maybank Women Eco-Weavers Programme in three ASEAN countries: Cambodia, Indonesia and Laos.
- 📖 Refer to the Sustainability Statement page 106 for more.

EMPLOYEES

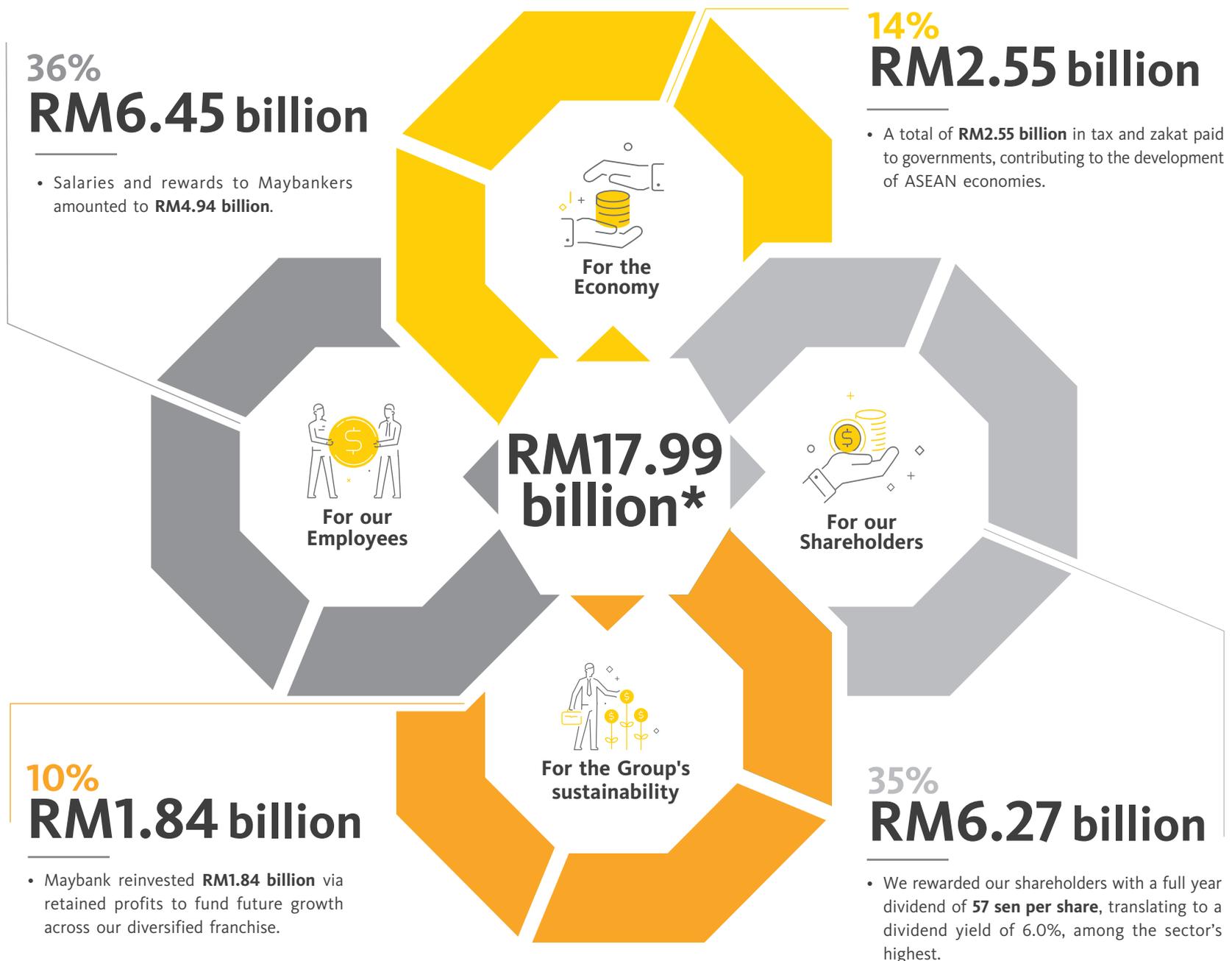
- ➔ RM4.94 billion on salaries and rewards.
- ➔ 55.60 average training hours per employee.
- 📖 More in the Group Human Capital section on page 70.

We engage our stakeholders through various channels to identify, understand and address their key concerns. Read more about Stakeholder Engagement on page 25. We also discuss matters that significantly impact the interest of the Group and our stakeholders in the Material Matters section on page 26.

How We Distribute Value Created

In fulfilling our promise to our stakeholders, Maybank Group distributes the value created in relevant and meaningful ways – and for some stakeholder groups, beyond financial means. Stakeholders receive intangible benefits ranging from employee upskilling programmes to diverse community initiatives, in our effort to enable a more sustainable future.

Value created in 2018 was distributed as follows:



* Includes non-controlling interests, as well as depreciation and amortisation which represent the combined 5% not illustrated above.



Stakeholder Engagement

	Engagement Channels	Stakeholder Objectives	Our Responses
Investors 	<ul style="list-style-type: none"> Conferences and non-deal roadshows Quarterly conference calls and biannual analysts briefings on financial performance Thematic investor day briefings One-to-one and group investor meetings with GPCEO, GCFO or Head of Group Investor Relations Dissemination of information and disclosure of materials on our website at www.maybank.com/ir AGM and EGM Annual and sustainability reports 	<ul style="list-style-type: none"> Resilient revenue growth and sustainable cost management Sustainable dividend stream Asset quality and manageable credit risks from exposure to sectors with an uncertain outlook such as power, construction, infrastructure and property Embed sustainability considerations into business practices Stay ahead of emerging competition in the banking industry particularly from FinTech 	<ul style="list-style-type: none"> Continue to create sustainable values by leveraging on our diversified portfolio across ASEAN and key financial centres Emphasis on strong liquidity and capital management to support growth across the region Provide timely and comprehensive asset quality disclosures Integrate ESG considerations into our credit and risk evaluation processes Hosted “Maybank Islamic Investor Day” and “Maybank Group Insurance & Takaful Day” for analysts <p> For more details, please refer to Reflections from our Group CFO, page 32</p>
Customers 	<ul style="list-style-type: none"> Digital touchpoints, which include Maybank2u & Maybank Trade mobile apps, Maybank2u & Maybank2e websites, and Etiqa online portals Physical branches, self-service terminals (e.g. ATMs) Customer Service Centres Sales representatives, i.e. Relationship Managers, Personal Financial Advisors and Client Coverage Teams Maybank social media platforms (Facebook, Instagram, Twitter) Customer satisfaction surveys 	<ul style="list-style-type: none"> Enhance customer service levels and improve process efficiency as well as providing faster and more convenient banking options Meet customers' expectations for personalised financial advice and financial solutions Protection from fraud and scams Provide fair pricing and terms 	<ul style="list-style-type: none"> Enhance our digital propositions to improve our customers' experience Leverage data analytics capabilities to predict and provide solutions for our customers' future financial needs Drive awareness on cyber security to combat attacks like phishing and malware, and enhance data security via biometrics Expand our wealth management products and solutions, such as providing Multi-Currency Lombard Credit and cross-border financing in Malaysia, to improve customers' returns through diversification Continue to develop attractive and competitively-priced products <p> For more details, please refer to Group Community Financial Services, Group Global Banking, Group Insurance & Takaful, Group Islamic Banking, The Digital Bank of Choice and Service Delivery on pages 44, 48, 52, 56, 59 and 62 respectively</p>
Regulators 	<ul style="list-style-type: none"> Reporting and periodic updates to regulators Active participation and contribution to the industry and regulatory working groups, forums and consultation papers 	<ul style="list-style-type: none"> Effectively manage the risk of financial crime such as money laundering, terrorism financing, fraud, etc. Manage our data governance, data privacy and cyber security Cultivate an ethical and risk-aware culture that complies with regulations 	<ul style="list-style-type: none"> Continue to enhance our risk management tools Continuously review and enhance Maybank's systems and processes for compliance risk management Strengthen compliance monitoring and advisory and consistently comply with regulatory requirements <p> For more details, please refer to Group Risk Management and Group Compliance, pages 63 and 69</p>
Employees 	<ul style="list-style-type: none"> Employee dialogue sessions with Group EXCO – Conversation Series with C-Suite Employee engagement programmes and initiatives Regular electronic and printed communication (e.g. email and newsletters) Employee engagement and feedback surveys/platforms (e.g. Employee Engagement Survey, electronic “Ask Senior Management”, Group Human Capital Contact Centre) 	<ul style="list-style-type: none"> Employees have the relevant job skills in an evolving banking industry An enabling work environment that successfully balances career and personal life Empowered to deliver to the best of one's ability Effort that positively impacts the lives of the communities and builds long-term relationships with them 	<ul style="list-style-type: none"> Rolled out FutureReady Digital Upskilling Programme Strengthen learning and development programmes to include digital skills in existing curriculums including the roll-out of Agility@Work initiative Provide holistic work-life balance programmes via the GO Ahead. Take Charge! platform that allows employees to take charge of their career by reskilling, tailoring their working arrangements and learning entrepreneurship skills Conduct wellness activities throughout the year to cultivate and nurture wellness as part of our Workplace Futurisation Strengthen mentoring and development of women employees and conduct leadership programmes to empower our talent Continue with employee volunteerism programmes via the Cahaya Kasih platform <p> For more details, please refer to Group Human Capital, page 70</p>
Communities 	<ul style="list-style-type: none"> Partnerships and employee volunteerism in strategic community initiatives Websites and social media channels including Twitter, Instagram, YouTube, Facebook and LinkedIn 	<ul style="list-style-type: none"> Maximise the positive impact from our initiatives with communities Availability of financial advice, products and solutions for families, small businesses and the wider community Contribution to initiatives that address unemployment and the need for higher education 	<ul style="list-style-type: none"> Reached out to the communities by running community programmes regionally and empowering communities where we operate through our Maybank Foundation flagship programmes and MaybankHeart platform Frequently conduct financial literacy programmes whereby Maybank employees volunteer their expertise in programmes such as R.I.S.E. Provided youth engagement and development programmes to attract and recruit talent e.g. Maybank GO Ahead. Challenge, SL1M, etc <p> For more details, please refer to Sustainability Statement, page 106</p>



Material Matters

We undertake an annual materiality assessment to gain insights to topics that our stakeholders deem pertinent. This materiality assessment process is continuously reviewed and refreshed to ensure that it is timely, relevant and that our efforts are aligned with the Group’s strategic objectives.

In 2018, we improved our materiality assessment by:

- **Expanding our stakeholder groups**

Apart from approaching the Board of Directors, senior management, employees, investors, and the media, we reached out to new stakeholder groups which include our retail and corporate customers, business partners, community partners, suppliers and employee representatives.

- **Increasing the number of stakeholders within each group**

We reached out to nearly 20 times more respondents and received 3,281 responses in 2018 (FY2017: 169).

- **Reassessing the list of potential material matters**

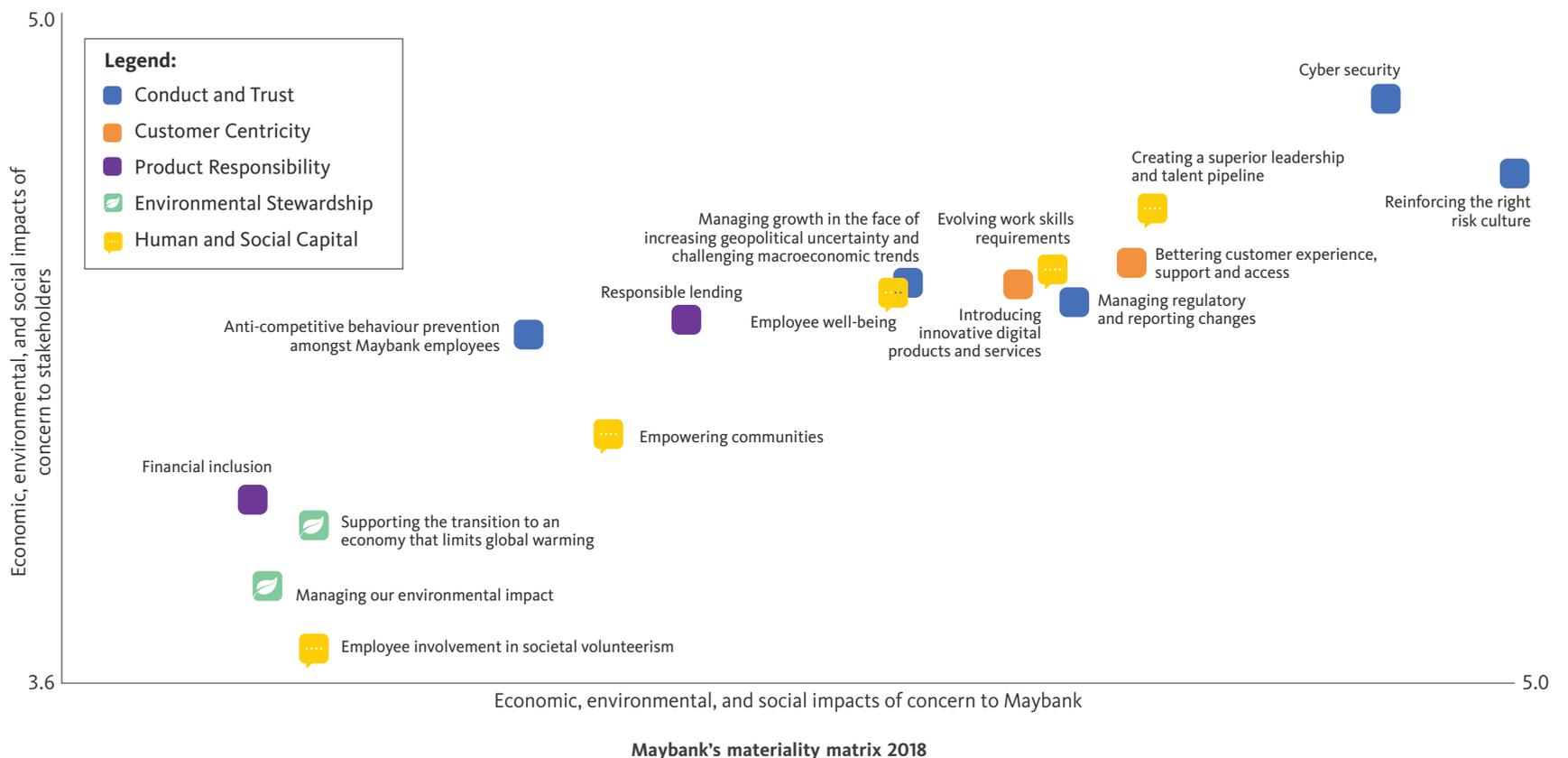
We looked at internal inputs from employee engagement surveys, investor queries, Group Risk’s annual assessments, management reviews and external frameworks, for example, the UN Sustainable Development Goals and Global Reporting Initiative, as well as emerging trends in the global financial services industry.

- **Engaging senior management in the review process**

Material issues and priorities identified through this assessment were presented to senior management for validation and for them to address issues deemed material for the year.

It is important for us to track the changes of our materiality assessment over time. This allows us to determine how well we are responding to previous material matters and assess if enough has been done to meet our stakeholders’ expectations.

“Responsible investments” and “Partner experience” are material matters which we observed as trending in the industry since these matters have been disclosed by industry peers. We intend to revisit these areas after further internal evaluations.



The key observations of the Maybank 2018 materiality assessment are as follows:

- The top two material matters fall in the “Conduct and Trust” cluster. This indicates that stakeholders continue to place great importance on regulatory, risk and compliance matters. Since cyber security is recognised as the top material matter for two consecutive years, we remain steadfast in our commitment to manage cyber threats.
- While workplace-related issues (“Human and Social Capital” cluster) are in the top-half of the matrix, the “Employee involvement in societal volunteerism” ranks in the lower left quadrant. Suppliers, regulators as well as our investors and analysts are the three stakeholder groups that ranked “Employee involvement in societal volunteerism” below average. This could potentially indicate a lack of awareness among these stakeholder groups on Maybank’s employee volunteerism efforts.
- “Responsible lending” is regarded as material and in line with the global industry trend on enhanced ESG disclosures and practices.

Material Matters

Our Priorities	Material Matters	Arising Risks	Harnessing Opportunities	Our Response
 Conduct and Trust	Reinforcing the right risk and compliance culture to actively identify, assess, and mitigate risks.	Employee's misconduct could adversely impact the Group's profitability, reputation or lead to regulatory censure.	Shared understanding from alignment of purpose, values and ethics enables timeliness and transparency across the Group, indirectly contributing to time and cost efficiencies.	Refer to Group Risk Management, pages 65 to 68; Group Compliance, page 69
	Managing regulatory and reporting changes that affect the Bank's management of capital, liquidity, and profitability.	Regulatory enhancements could impact the bank's competitive position and capacity to conduct business efficiently.	Future-proofing business processes and systems to enhance operational efficiencies and ensure long-term sustainability.	Refer to Reflections from Our Group Chief Financial Officer, pages 32 to 36; Group Risk Management, pages 63 to 65; Group Compliance, page 69
	Managing growth in the face of increasing geopolitical uncertainty and challenging macroeconomic trends.	Geopolitical risks affecting capital markets activities and changes to government policies could result in subdued private and public investments, impacting revenue and asset quality trends.	Offering new and innovative products and services to address customer needs in prevailing market conditions.	Refer to Group Community Financial Services, page 45; Group Global Banking, page 49; Group Insurance & Takaful, page 53; Group Islamic Banking, page 57; Group Risk Management, pages 63 to 64
	Monitoring and enforcement of disciplinary actions on Maybank employees to prevent anti-competitive behaviour.	Potential regulatory fines and/or reprimand as a result of non-compliance to laws and regulations.	Inculcating the right behaviour mitigates reputational risks and facilitates better resource management.	Refer to Group Risk Management, page 68; Group Compliance, page 69
	Cyber security: Prioritising technology investments to enhance data protection and payment security.	A breach or compromise in cyber security could result in a trust deficit for the Bank and potentially incur financial losses.	Ensuring customers' security is a top priority, resulting in the Bank being The Digital Bank of Choice.	Refer to The Digital Bank of Choice, page 60; Service Delivery, page 62; Group Risk Management, page 65
 Customer Centricity	Bettering customer experience, support and access.	Speed and innovation to meet rapidly evolving customer expectations; failure to do so could result in a loss of market share and profitability to banking and non-banking competitors.	Grow and preserve customer base through new product offerings that are on-point while improving processing time.	Refer to Group Community Financial Services, page 45; Group Global Banking, page 49; Group Insurance & Takaful, page 53; Group Islamic Banking, pages 56 to 57; The Digital Bank of Choice, page 60; Service Delivery, page 62
	Introducing innovative digital products and services to enhance customer experience.	Heightened disruption from non-banking competitors and cyber risks, resulting a loss of market share and profitability.	Innovation can reduce cost-to-serve, improve efficiency, help reach new markets, and cement our position as a market leader.	Refer to Group Community Financial Services, pages 45 to 46; Group Global Banking, page 49; Group Insurance & Takaful, pages 53 to 54; The Digital Bank of Choice, pages 60 to 61; Service Delivery, page 62
 Product Responsibility	Financial inclusion of underserved and unbanked individuals.	Missed opportunity of not expanding our customer base and not fully fulfilling our mission statement.	Expand market share through penetration of underserved population, while emerging as a responsible financial partner for these communities.	Refer to Group Community Financial Services, page 46; Group Insurance & Takaful, page 53; Group Islamic Banking, page 57; Sustainability Statement, pages 112 to 113
	Responsible lending: How we manage environmental, social and governance (ESG) matters.	Potential reputational and credit risk arising from unknowingly financing clients in high risk or sensitive industries.	Assist clients to explore new business areas and opportunities in sustainable projects. Work with clients to improve their business conduct in line with best ESG practices.	Refer to Macro Risk Drivers, page 30; Group Community Financial Services, page 45; Group Global Banking, page 49; Group Risk Management, page 68; Sustainability Statement, page 113
 Environmental Stewardship	Managing our environmental impact.	Ensuring the appropriate validation of environmental impact from our operations to minimise reputational risk.	Better resource utilisation and carbon footprint awareness as well as exploration of alternative energy sources.	Refer to Sustainability Statement, page 113
	Supporting the transition to an economy that limits global warming.	Heightened reputational and credit risks from unfavourable lending practices that adversely impacts society and the environment.	Offering new and enhanced products and services with ESG components, which also improves our position as a responsible financial partner in the community.	Refer to Group Global Banking, page 49; Group Islamic Banking, page 56; Group Risk Management, pages 64 & 68; Sustainability Statement, page 113
 Human and Social Capital	Evolving work skills requirements.	Lack of right and timely capabilities and competencies can render individuals and the organisation as irrelevant.	Lead the marketplace with new value creation propositions developed by our talents who are upskilled to lead in a digital economy.	Refer to Group Community Financial Services, page 45; Group Global Banking, page 49; Group Human Capital, pages 71 to 73; Sustainability Statement, pages 110 to 111
	Creating a superior leadership and talent pipeline.	The inability to identify, hire and retain the right talents could affect the Bank's long-term sustainability.	Adaptable and agile talents make up a productive and nimble workforce, ready to capitalise on rapidly changing industry trends.	Refer to Group Human Capital, pages 70, 72 to 73; Sustainability Statement, page 111
	Employee involvement in societal volunteerism.	Inability to demonstrate linkages between corporate initiatives and positive benefits to the targeted community.	Supporting nation-building efforts through various corporate initiatives across ASEAN while creating opportunities for employees to develop new skills.	Refer to Group Human Capital, page 74; Sustainability Statement, page 111
	Employee well-being.	Increased health and productivity risks can lead to lower work performance and cost inefficiencies.	Lowered attrition and injury rate, higher productivity and performance from higher job satisfaction and engagement.	Refer to Group Human Capital, page 74; Sustainability Statement, page 111
	Empowering communities.	Missed opportunity to improve livelihoods and support community growth.	Foster relationships with the communities we serve and create sustainable livelihoods.	Refer to Sustainability Statement, pages 108 to 110

Market Overview

MACROECONOMIC REVIEW AND OUTLOOK

The operating landscape for 2018 was challenging with downside risks to growth. In 2018, the global economy expanded 3.8%, sustaining the pace in 2017 as the higher growth in US (2018: 2.9%; 2017: 2.2%) and India (2018: 7.4%; 2017: 6.7%) offset the moderating growth in China (2018: 6.6%; 2017: 6.9%), Eurozone (2018: 1.8%; 2017: 2.4%) and Japan (2018: 0.7%; 2017: 1.9%). Global trade tension, underpinned by the US-China trade war and tighter monetary policies affected the ASEAN-6 growth momentum as it eased a little but remained firm (2018: 5.0%; 2017: 5.1%) supported by robust domestic demand and ongoing infrastructure spending.

We expect global economic growth to moderate in 2019 reflecting the impact of the build-up in headwinds and risks in 2018. These include the lagged effect of interest rate hikes around the world on consumption and capital expenditure due to higher cost of credit and capital as well as tighter liquidity. In addition, there is fallout from the escalation in US-China trade war during 2018. Furthermore, a no-deal Brexit outcome may trigger short-term volatility in global financial markets as its impact may go beyond the UK. Slower growth prospects, policy impact and political uncertainties are causing heightened volatility in financial markets, currencies and commodity prices. As such, we anticipate the global GDP growth to moderate to 3.6% in 2019 and the expansion in the ASEAN-6 economies to ease to 4.7% in 2019.



Malaysia

GDP

2019(f): 4.9%
2018: 4.7%
2017: 5.9%

OPR

2019(f): 3.25%
2018: 3.25%
2017: 3.00%



Singapore

GDP

2019(f): 1.8%
2018: 3.2%
2017: 3.9%

3M SIBOR

2019(f): 2.20%
2018: 1.89%
2017: 1.50%



Indonesia

GDP

2019(f): 5.1%
2018: 5.2%
2017: 5.1%

Reference Rate

2019(f): 6.50%
2018: 6.00%
2017: 4.25%

2018 Operating Landscape

Positives

- Resilient consumer spending as private consumption boosted by 0% Goods and Services Tax (GST) between June and August 2018.
- Trade diversion and substitution as well as investment relocation opportunities arising from the US-China trade war.

Negatives

- Slowdown in public expenditure and private investment amid new Government's policy uncertainties after the general election.
- Contractions in mining and agriculture sectors due to disruptions in natural gas and palm oil output.
- Limited fiscal policy flexibility and budget constraints.
- Supply-demand imbalances in the property market contributed by oversupply of commercial and residential properties.

2019 Outlook

- Stable growth path on expected rebound in mining and agriculture sectors via normalisation in natural gas and palm oil output.
- Continued mixed domestic demand i.e. moderation in consumer spending to long-term average; pick up in private investment; flat public expenditure.
- Moderation in global economic and trade growth but expect US-China trade deal to mitigate the downsides.
- Challenging outlook for the property and construction sectors due to supply-demand mismatch and supply overhang.
- No change in OPR to support domestic demand amid a benign inflation rate environment.
- Expect more clarity over the Government's policies, especially on long term growth strategy.

- Growth in modern services cluster such as information and communications on demand for IT and digital services such as data centre and digital payments.
- Domestic services such as insurance, health and social services supported by ramp-up of operations in healthcare facilities.

- Moderation in manufacturing and services sectors growth on impact of the US-China trade war escalation and tightening global and domestic monetary and financing conditions.
- Tightening of property measures in July 2018 impacting property transactions.
- Rise in domestic interest rates as the US Fed hiked federal funds rate further.
- The Monetary Authority of Singapore (MAS) tightened further its policy in October 2018 by steepening the slope for the SGD NEER band, following the shift to a "slight appreciation bias" in April 2018 vs "neutral" stance in April 2016 – March 2018. The width and level of the band remained unchanged.

- GDP growth expected to slow significantly on further softness in export-based manufacturing sector and trade-related services amid global semiconductor industry downcycle and disruption from earlier escalation in US-China trade war.
- Construction sector is expected to post gradual recovery, supported by uptick in public sector construction mainly from increase in industrial building construction and infrastructure works.
- Expansionary Budget 2019 i.e. deficit spending after budget surpluses in 2016-2018, on record amount of special transfers to citizens, including healthcare supports plus investment in national security and infrastructure.
- Given slowing growth and muted inflation, MAS expected to maintain its policy stance.

- Stable economic growth underpinned by sustained momentum in domestic consumption and gross fixed capital formation amid higher infrastructure spending.
- Liberalisation and incentives to boost private sector and foreign direct investments.
- Very low private sector debt to GDP ratio relative to regional peers.

- Volatile currency due to twin deficits & high foreign ownership in bonds.
- Bank Indonesia (BI) raised the benchmark interest rate six times between mid-May 2018 and November 2018 totalling 175 bps to stabilise Rupiah.
- Measures to curb imports to address the widening current account deficit e.g. tariffs on imported consumer goods; capex review by large SOEs in oil & gas and power sectors.

- Presidential and general elections on 17 April 2019 – status quo will be positive to growth on political stability and policy continuity.
- Steady growth momentum is expected to continue, mainly driven by higher growth in private consumption, continued infrastructure spending and improving investment climates following liberalisation and deregulation.
- Given the expected persistence of twin deficits, BI is expected to raise its benchmark policy rate by another 50 bps to manage and attract capital flows.



BANKING SECTOR REVIEW AND OUTLOOK

2018 Review

2019 Outlook



Malaysia

System loan

2019(f): 5.1%

2018: 5.6%

2017: 4.1%

- System total loans expanded at a faster rate than 2017 driven by both the household (2018: 5.6% vs 2017: 5.1%) and non-household (2018: 5.7% vs 2017: 5.7%) segments.
- In the household segment, residential property loan growth was slower (2018: 7.6% vs 2017: 8.9%), while auto financing contracted marginally (2018: -0.1% vs 2017: +0.6%). Nevertheless, there was faster growth in share margin financing and personal lending.
- On the non-household front, working capital loan growth gathered pace (2018: 5.4% vs 2017: 0.9%).
- Bond issuances totalled RM102 billion in 2018, down 16% YoY.
- In 2018, total deposits rose 7.8%, outpacing loan growth of 5.6%, pointing to ample liquidity in the banking system.
- With the implementation of MFRS 9 from January 2018, the industry's loan loss coverage improved to 97.9% at the end of 2018 from 82.9% at the end of 2017.
- The industry's Common Equity Tier 1 (CET1 Ratio), Tier 1 Capital Ratio and Total Capital Ratio were comfortable at 13.1%, 13.9% and 17.4%, respectively at end-2018.

- Industry loans are expected to expand at a stable, albeit slower, rate. Consumer lending is likely to continue moderating amidst more subdued consumer sentiment, but corporate lending should provide some support.
- With the inflation rate remaining low and real returns on deposits likely to persist, there is room for interest rates to manoeuvre should external economic headwinds pose a threat to domestic economic growth.
- Malaysian banks are well capitalised and domestic asset quality remains strong. Segments that bear monitoring at this stage for any asset quality issues in the near term would be the oil & gas sector, given the volatility in oil prices, and the commercial property sector, given the risk of over-supply in certain segments of the property market.



Singapore

System loan

2019(f): 3.7%

2018: 5.3%

2017: 8.0%

- Loan growth for the Singapore banking system slowed following a stronger showing in 2017. The decline was partly the result of slowing mortgages (up only 2.0% YoY vs. 4.2% YoY in 2017), impacted by the property cooling measures introduced by the government in 2H18.
- Business loans decelerated to 4.1% YoY (2017: 6.2% YoY) as uncertain economic conditions from weaker economic growth from China and trade war fears began to bite. Pockets of strength seen especially as domestic oriented building & construction and business services continued to expand.
- Focus on balance sheet liquidity saw the sector increasing deposit growth to 3.5% YoY, following just a 1.6% YoY increase in 2017. This is a lower rate of growth than loans as the sector tries to balance liquidity vs. funding costs in a rising interest rate environment.
- The overall sector had limited success in increasing lower cost savings and demand deposits compared to fixed deposits, which expanded 10.5% YoY. This has inched up overall funding costs.
- Asset quality continued to improve with non-performing loans (NPL) falling to 1.9% of total loans vs. 2.1% a year ago. Improving conditions in the offshore and marine sector – which saw significant oil price related stress in 2017 – was the primary driver for this improvement. Asset quality in other sectors remains under control.
- Overall, the sector remains well capitalised with Common Equity Tier 1 (CET1) for the domestic banks averaging 13.9%, while adhering to the latest accounting and reporting standards under IFRS 9 since the start of 2018.

- Overall loan growth expected to decelerate further as businesses turn cautious. Building & construction and mortgages may still see some strength as new housing units hit the market.
- Balance sheets adjusting to higher asset yields from interest rate rises should support net interest margin (NIM) expansion. This should provide some offset for slowing loan growth. While asset quality remains strong, it will need to be closely monitored as growth slows down. Nevertheless, high provisioning levels and regulatory reserves should provide a significant level of security.
- Continuing the trend over the past few years, domestic banks should continue to drive significant investments in technology, especially in open-banking platforms as well as artificial intelligence, data analytics and process automation as a tool for better opex management as well as creating new revenue sources.



Indonesia

System loan

2019(f): 10.5%

2018: 11.8%

2017: 8.2%

- Loan growth increased in 2018 from a year earlier with business lending as the main driver.
- Loans for investment, which account for 25% of total industry loans doubled from 4.8% YoY in 2017 to 10.9% YoY in 2018. Growth in loans for working capital, which covers 47% of the banking sector's total loan portfolio, also accelerated from 8.5% YoY in 2017 to 13.0% YoY in 2018.
- Meanwhile household lending, which covers 28% of the banking sector's total loan portfolio, declined slightly to 10.3% YoY. Mortgages, which make up 33% of household loans, has actually accelerated to 13% YoY in 2018 from 10% YoY in 2017 as banks continued cutting lending rates to attract higher demand. However, as banks become more risk averse, they trim down household loan expansion in segments outside mortgage which tends to have lower collateral value.
- Liquidity tightened during the year as reflected in a rising LDR to 92% from 90% in 2017. Current Account and Time Deposits were the main drag in 2018, posting single digit growth of 6.6% YoY and 5.8% YoY, respectively. Nonetheless, the portion of cheap funding stays at 56% of total deposits as Savings accelerated by 7.3% YoY in 2018. The stable CASA composition helps maintain total funding cost low.
- Asset quality improved alongside economic growth, with the biggest improvement seen in the big State-Owned names. Indonesia banking sector's NPL remains well below the maximum 5% level, standing at 2.4% in 2018 vs. 2.6% in 2017.
- Capital ratios remain stable with core capital at 21.2%, and risk-weighted capital ratio of 22.9%.

- Tempered loan growth this year is expected due to delays in investment plans and working capital spending ahead of the general election in April.
- The banking sector is likely to mirror the economic growth trend, posting 10% loan and deposit growth. Infrastructure lending is likely to slow down during election year. But no disruption expected in lending to productive low income individuals through micro loans and subsidised mortgage.
- Loan quality as a whole should also improve as banks keep lending rates hikes moderate despite an aggressive monetary tightening by Bank Indonesia.
- New disbursement to commodity-related sectors might still be limited as banks focus on the growing and more sustainable demand from manufacturing sector, which at the same time has better quality.
- State-Owned banks will remain as the major players on government-related projects and should come out as the main beneficiaries over the long term. With the sector's top 10 players controlling 60% of market liquidity, the performance gap between the big and small banks may continue to widen.

Macro Risk Drivers

In light of the current operating landscape, we have identified significant risk drivers that may impact the way in which our businesses operate in our home countries and across the region. This allows us to take mitigating actions and remain risk-resilient. For more on how the Group manages these risks, refer to the Group Risk Management section on page 63.

	Risk Drivers	Potential Impact to the Group	Mitigating Actions
 <p>Economic</p>	<ul style="list-style-type: none"> Uncertainty in the economies of our operating markets caused by a trade war; rising protectionism; tightening financial conditions; and volatility in capital flows, financial markets, currencies and commodity prices. 	<ul style="list-style-type: none"> Slower credit growth due to cautious business and consumer sentiment. Weakening loan asset quality. Profitability may be impacted amid financial market uncertainties and lower non-interest income. 	<ul style="list-style-type: none"> Strengthened analytics, review capabilities and processes. Strengthened the management of accounts with vigilant monitoring through early detection of potential vulnerable accounts. Developed portfolio insights based on stress test results.
 <p>Technological</p>	<ul style="list-style-type: none"> Technological evolution requires continuous adoption of new digital strategies/technologies to refine customer experience. Emerging technology such as the internet of things (IoT), blockchain, and artificial intelligence offers tremendous benefits, but could also cause security breaches and system vulnerabilities if poorly designed, developed and implemented. Increasing sophisticated cyber crimes targeting the financial industry. 	<ul style="list-style-type: none"> Cyber risks could impede trust and resilience of the bank and the banking industry. Potential loss of revenue, reputation, productivity and contractual obligations. Cost to the business from (potential) fines, cost of recovery, system downtime and legal fees. Potential data breaches impact our trustworthiness and reputation and may lead to an increase in operating costs to address the situation. 	<ul style="list-style-type: none"> Aligned our cyber security programme with risk strategy and enhanced its capabilities to continuously monitor and respond to threats. Elevated cyber security effectiveness and scalability across information security, Security Operations Centre and Threat Intelligence & research functions. Established cyber defence roadmap with capabilities to discover, detect, contain and remediate cyber threats and vulnerabilities in real-time. Expanded security controls and oversight on external outsource vendors. Increased staff awareness on cyber incident management process and conduct internal cyber drills periodically.
 <p>Societal & Environmental</p>	<ul style="list-style-type: none"> Increasing complexity of environmental and social compliance standards. 	<ul style="list-style-type: none"> Financial and reputational risks arising from exposure to clients that have failed to effectively address environmental and social considerations, which not only have broader ESG impact to surrounding communities but could potentially affect an organisation's business operations and sustainability. 	<ul style="list-style-type: none"> Continuous review and enhancement to our environmental, social and governance (ESG) Risk Management Policy to enable and support sustainable business practices. Integrated ESG considerations into our credit and risk evaluation processes.
 <p>Geopolitics</p>	<ul style="list-style-type: none"> Trade war between US-China; shifts in political climate in Europe (e.g. Brexit, EU-Italy budget standoff; Russia-Ukraine); regional tensions (e.g. Middle East; North East Asia; South China Sea); terrorists and cyber attacks possibly affecting economic growth. 	<ul style="list-style-type: none"> Slower credit growth due to weaker business and consumer confidence. Potential weakness of loan asset quality as the business and market conditions become subdued. Risk of lower profitability amid financial market turbulence and lower non-interest income. 	<ul style="list-style-type: none"> Established Portfolio Management team to strengthen portfolio management. Integrated ESG considerations into our credit and risk evaluation process. Developed stronger risk adjusted acceptance criteria at the point of origination for selected industries.
 <p>Regulatory</p>	<ul style="list-style-type: none"> Increasing developments of regulatory requirements in the banking industry. 	<ul style="list-style-type: none"> Measuring evolving regulatory changes prepare us to future-proof our business and provide sustainable financial services. Regulatory and reporting changes may affect the Group's business model, compliance measures as well as the management of capital, liquidity and profitability. 	<ul style="list-style-type: none"> Continuous engagement with regulatory authorities to stay abreast of the latest regulatory development. Strengthen existing policies, processes and controls in preparation for new and upcoming regulations.



Key Performance Indicators

The eight key financial and operating metrics allow us to measure our effectiveness in achieving our key strategic objectives and in creating shareholder value.

Return on Equity (ROE)

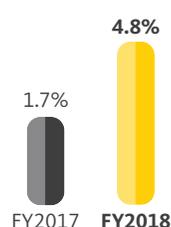
Objective: To deliver a reasonable return while balancing the need to maintain a healthy capital base. ROE is defined as profit attributable to shareholders over the average shareholders' equity (comprising share capital, retained earnings and other reserves) for the financial year.



Group Loans Growth

Objective: To grow our financing business across the Group, in a profitable and responsible manner.

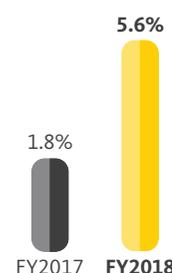
Target: In line with economic growth of home markets.



Group Deposits Growth

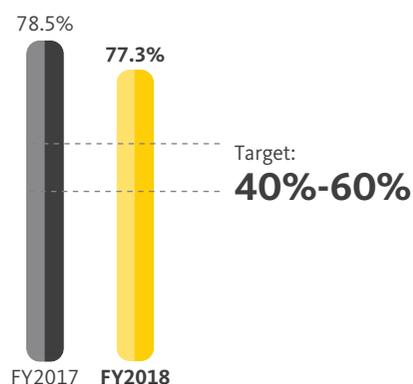
Objective: To strengthen our deposit base to fund our selective asset growth across key markets.

Target: In line with loans growth.



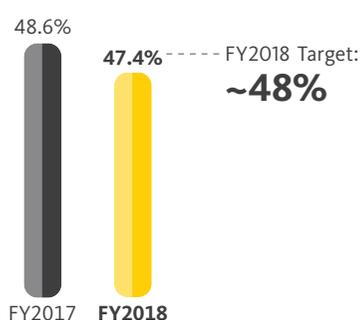
Dividend Payout Ratio

Objective: To provide good returns to shareholders with a 40%-60% dividend payout policy rate.



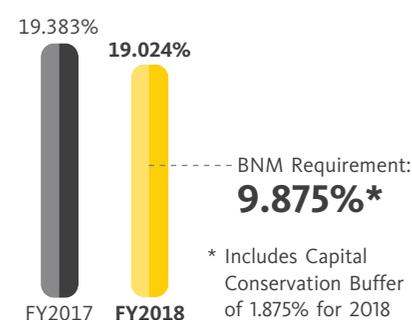
Cost-to-Income Ratio

Objective: To ensure cost is managed effectively and to maintain a slower cost growth against revenue over the long-term.



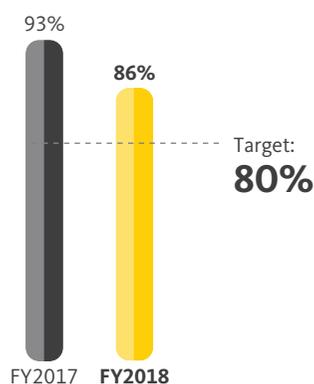
Total Capital Ratio

Objective: To maintain a strong capital base by adopting prudent capital management and be ahead of Bank Negara Malaysia's minimum regulatory requirements.



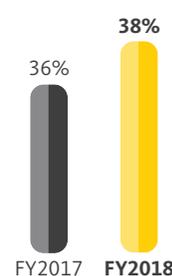
Refer to Reflections from our Group Chief Financial Officer on page 32 for more details.

Succession Realisation for Mission Critical Positions



Objective: To measure the effectiveness of the Group's succession management process, whereby the focus is on realising our talents' potential to take up pivotal roles within the Group.

Women in Senior Management



Objective: To support the leadership development of our female employees in senior roles across the Group and drive greater diversity in top management.

Refer to Group Human Capital on page 73 for more details.

Reflections from Our Group Chief Financial Officer

Amidst an environment of heightened volatility in the global economic backdrop, we achieved yet another record-setting full year performance in FY2018. This did not come without its challenges against many key events in 2018 such as continued volatility in oil prices, dampened trade sentiment given escalating trade tensions between the US and China, the rising interest rate environment and slower loans growth in some ASEAN markets. While Maybank Group maintained a more conservative risk posture throughout 2018, we grew selectively without compromising on the pricing of our assets and liabilities.

TOP ACHIEVEMENTS IN 2018



Disciplined cost reduction of 1.0% YoY in Group's **overheads**, led to **cost-to-income ratio** of 47.4%



Proactive asset quality management culminates in **net credit charge off rate** of 32 bps



Selective risk-based balance sheet growth with **Group loans and deposits** expanding 4.8% and 5.6% respectively



Effective liquidity management with robust **liquidity coverage ratio** of 132.4%



Full year **dividend per share** of 57 sen results in **dividend payout ratio** of 77.3% for FY2018

ANALYSIS OF INCOME STATEMENT FOR FY2018

Profit & Loss Summary	FY2017 RM million	FY2018 RM million	YoY
Net fund based income	16,627.7	17,135.9	3.1%
Net fee based income	6,610.5	6,493.8	(1.8%)
Net operating income (Revenue)	23,238.1	23,629.6	1.7%
Overhead expenses	(11,326.8)	(11,213.7)	(1.0%)
Pre-provisioning operating profit (PPOP)¹	11,911.3	12,416.0	4.2%
Net impairment losses	(2,027.8)	(1,612.9)	(20.5%)
Operating profit	9,883.5	10,803.1	9.3%
Profit before taxation and zakat (PBT)	10,098.1	10,901.3	8.0%
Net profit²	7,520.5	8,113.3	7.9%
EPS – basic (sen)	72.0	74.2	3.0%
Dividend (sen)	55.0	57.0	3.6%

Note:

¹ Pre-provisioning operating profit (PPOP) is equivalent to operating profit before impairment losses

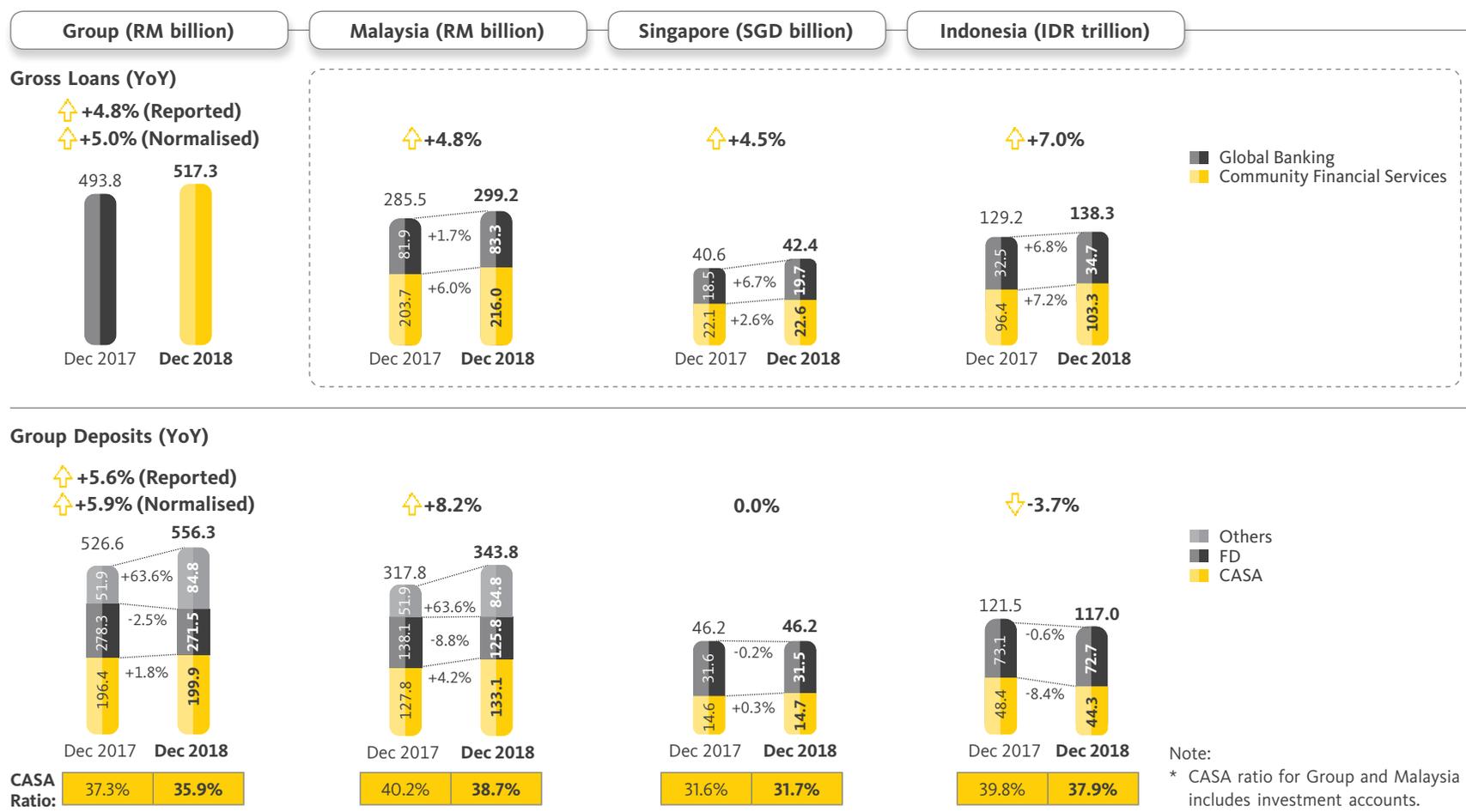
² Net profit is equivalent to profit attributable to equity holders of the Bank

Record profit achieved despite more challenging environment

- Net fund based income grew 3.1% YoY as we expanded our loan portfolios across our home markets, leading to a Group loans growth of 4.8% YoY. However, the growth in net fund based income was constrained due to lower Group net interest margin (NIM) of 3 bps to 2.33% in FY2018.
- The mildly weaker NIM YoY was due to our strategy of increasing liquidity buffers in the first half of the year, ahead of Malaysia's General Election in May, in line with our prudent risk management practises to ensure that we are able to serve our regional clientele at all times. Post general election, some of these costlier excess deposits were then released throughout the second half of 2018.
- Net fee based income declined by 1.8% YoY due to lower investment and trading income, affected by weaker equity markets in FY2018. The overall decline in net fee based income was partly moderated by higher net earned insurance premiums from our insurance business amidst stronger sales for life and family as well as general products.
- Net operating income, or revenue, was higher by 1.7% to achieve a new high of RM23.63 billion on the back of higher net fund based income.
- Meanwhile, overhead expenses declined by 1.0% YoY, mainly from lower establishment costs and administrative and general expenses. Our FY2018 cost-to-income ratio was 47.4%, better than the Group's guidance of 48%.
- Due to income growth and contracting overhead expenses, pre-provisioning operating profit grew 4.2% to RM12.42 billion.
- Net impairment losses reduced by 20.5% to RM1.61 billion, on lower new impaired loan volume formation.
- As a result of higher income growth, reduced overheads and net impairment losses, our full year net profit grew 7.9% to RM8.11 billion in FY2018.
- This enabled a return on equity (ROE) of 11.4%, exceeding the Group's Key Performance Indicator (KPI) of 11% for FY2018.
- We also rewarded shareholders with a total dividend of 57 sen per ordinary share, equivalent to a total dividend payout ratio of 77.3%.



ANALYSIS OF BALANCE SHEET AS AT 31 DECEMBER 2018



Group loans growth driven by growth in home markets

- Our Group loans grew by 4.8% YoY or 5.0% on a normalised basis, after excluding currency conversion effects, and was supported by growth across our three home markets and our other international markets.
- Our three home markets – Malaysia, Singapore and Indonesia – expanded by 4.8%, 4.5% and 7.0% respectively. In Malaysia, our growth was driven mainly by the consumer and retail SME portfolios, which recorded growth of 6.8% and 14.9% respectively. The consumer portfolio was supported by growth in mortgage financing at 8.2% due to loan stock drawdown and our strategic partnerships with established developers as well as auto financing growth of 4.7% for preferred car brands. Meanwhile, retail SME grew at 14.9% on higher term loans and overdraft disbursements.
- The Malaysia business banking portfolio has seen a 3.9% YoY decline as we continued to de-risk this portfolio, which included write-offs and some recoveries. Meanwhile, our Global Banking portfolio did see growth slow to 1.7% on the back of sizeable repayments, selective disbursements on pricing discipline and slower disbursements in some specific industries.
- In Singapore, our loan growth of 4.5% YoY was supported by growth of 6.7% in Global Banking and 2.6% in Community Financial Services (CFS). Expansion in the Global Banking portfolio was led by syndicated and bilateral term loan disbursements while the CFS growth was led by retail SME, business banking and auto financing.
- For Indonesia, its expansion of 7.0% YoY was attributed to both its CFS and Global Banking portfolios. The CFS portfolio grew 7.2% on the expansion of the business banking, retail SME, auto financing and credit card portfolios. Global Banking increased 6.8% owing to disbursement to state-owned enterprises and financial institutions.
- We remained committed with our stance to be capital efficient and managed our risk-weighted assets (RWA) through RWA optimisation initiatives. As such, our Group credit RWA declined 1.7% despite Group loans growth of 4.8%.

CASA expansion supported customer deposit growth

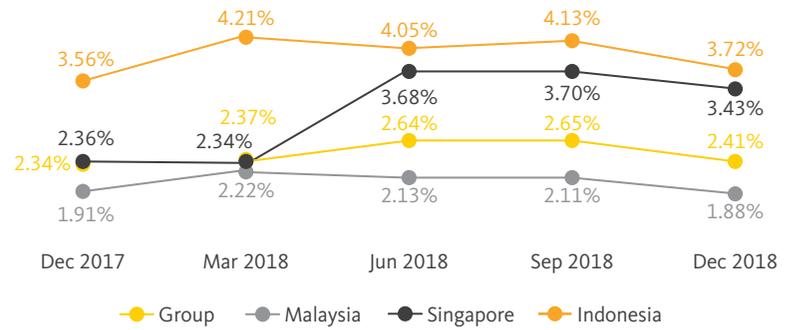
- The Group's total deposits grew by 5.6% YoY to RM556.3 billion in FY2018, on the back of current account and savings account (CASA) deposits and other deposits growth in Malaysia. Meanwhile, in the other home markets, the deposit base in Singapore remained stable at SGD46.2 billion while deposits in Indonesia contracted 3.7% YoY to IDR117.0 trillion.
- CASA growth of 4.2% in Malaysia was achieved through targeted segment-based campaigns for our mass and affluent customers while we managed our liquidity needs by attracting other deposits such as money market deposits.
- In Singapore, CASA deposits remained relatively stable as corporate account withdrawals arising from working capital needs throughout the first nine months of the year were mitigated by on-boarding of new CASA accounts in the fourth quarter.
- Meanwhile, CASA in Indonesia contracted on the back of intense deposit competition, as consumers took the opportunity to convert savings accounts into fixed deposits in a rising rate environment.
- Although Group CASA grew 1.8% YoY, the Group CASA ratio was lower at 35.9% from 37.3% a year ago due to the stronger growth in other deposits.
- As part of our conscious effort to minimise NIM compression, we shed costlier fixed deposits across all our three home markets.

Reflections from Our Group Chief Financial Officer

Preserving asset quality through proactive risk management

- Our allowance for losses on loans have reduced by 18.8% YoY to RM1.59 billion for FY2018 on lower new impaired loan volume formation of 13.3% or by RM942.60 million YoY. As such, our net expected credit losses (ECL) provided under Malaysian Financial Reporting Standards 9 (MFRS 9) is RM1.87 billion compared with the RM2.34 billion provided as total net collective and net individual allowances in FY2017 under MFRS 139. This resulted in our FY2018 net credit charge off rate of 32 bps, lower by 8 bps from a year ago. Our loan loss coverage has improved to 83.6% from 71.5% as at end December 2017, arising from an increase in balance sheet ECL allowance for loan loss provisions as a result of the adoption of MFRS 9 effective 1 January 2018.
- Our Group Gross Impaired Loan (GIL) ratio remained relatively stable YoY at 2.41% from 2.34% in the previous year due to recoveries and some write-offs for older impaired accounts, despite some new corporate impairments made in our home markets for 2018.

GIL Ratio by Group and Home Markets



INVESTOR KEY FOCUS AREAS AND OUR RESPONSES

NIM trends in rising rate environment

A rising rate environment in Malaysia and Singapore would typically result in Group NIM expansion, due to asset re-pricing coupled with our continued ability to secure a higher proportion of current accounts and savings accounts. However, we made a decision to increase our liquidity positions ahead of Malaysia's General Election in May 2018, as part of our prudent asset-liability and risk management practises. The increase in fixed and other short-term deposits resulted in NIM compression, as our interest expense growth rose faster than our interest income growth, but the impact was mitigated towards the end of the year as we released costly fixed deposits.

Impact of policy changes by new Malaysian government post General Election

Zero-rating of the goods and services tax from June to August 2018 bode well for overall consumer consumption while the government's review of large infrastructure and construction projects saw slower growth in these corporate lending segments. Fiscal reforms and revenue enhancing measures announced under Budget 2019 were balanced, with incentives addressing affordable housing needs, supporting SMEs and promoting technology adoption.

Changes arising from MFRS 9 adoption and outlook on asset quality

Maybank Group adopted MFRS 9 on 1 January 2018, whereby impairment assessments are made on the expected credit loss model using forward looking assumptions. The Day-1 impact to the Group's capital ratios arising from MFRS 9 adoption was manageable, with the ratios decreasing between 33 and 34 bps. The Group continues to maintain its cautious risk appetite for high-risk sectors such as oil and gas while prudently providing allowances for loans or financial investments of borrowers displaying weakness, as per MFRS 9 requirements.

Dividend policy and capital management

Our dividend policy remains between 40%-60% and we continue to retain the dividend reinvestment plan (DRP), as an effective capital management tool to manage our equity growth vis-à-vis risk-weighted asset growth. As part of our commitment to improve shareholder returns in line with our capital management strategy, we will continue to provide strong effective cash dividend payout to shareholders under the DRP (refer to page 36 for the dividend payout chart).

Digital strategy

As the competitive banking landscape continues to be redefined by FinTech players and digital enablers, our digital focus of becoming The Digital Bank of Choice is to facilitate services through our multiple digital platforms in a fast, easy and safe manner for our customers. This digital strategy also extends beyond our customer offerings as we look to future-proof our employees through upskilling initiatives and leveraging technology to improve internal systems and process efficiencies.

Singapore local incorporation

The Singapore local incorporation which was completed on 5 November 2018, entailed the transfer of our CFS business from the existing Maybank Singapore Branch to the newly incorporated subsidiary, Maybank Singapore Limited (MSL). MSL now operates our CFS business consisting of retail, private wealth, retail SME and commercial banking in Singapore. The Global Banking business will continue to be operated under the Maybank Singapore Branch.

Environmental, social and governance (ESG) approach, commitment and progress

Maybank Group's Board of Directors regularly reviews the Group's sustainability performance and strategies, focusing on ESG aspects. As part of our Responsible Lending Guidelines, we established a list of criteria to manage ESG risks. This was further enhanced with the development of an ESG Risk Management Framework, approved by the Board in 2017. The framework was formulated in alignment with global standards and practices, such as the United Nations' Human Rights Policy, International Finance Corporation (IFC) standards and global environmental standards. Further details on our ESG commitment can be obtained from our Sustainability Report, produced annually.



EFFECTIVE CAPITAL AND LIQUIDITY MANAGEMENT

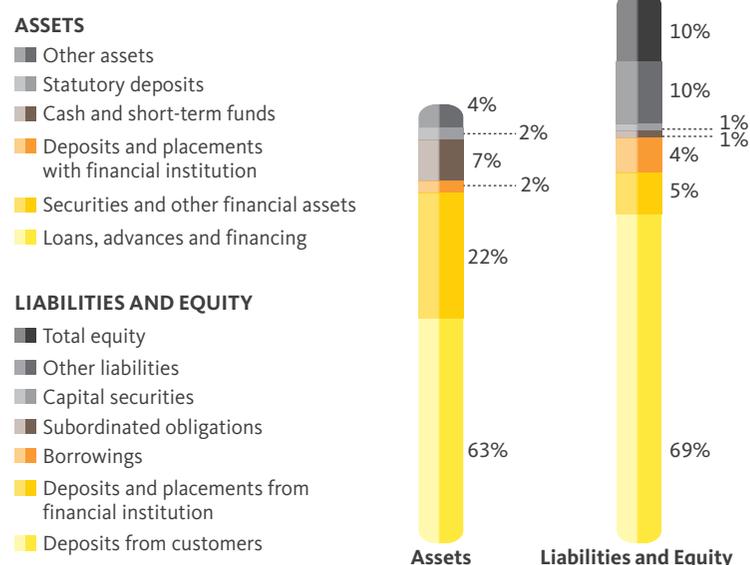
The Group's approach to managing capital is set out in the Group Capital Management Framework, Group Capital Contingency Plan and Group Annual Capital and Funding Plan, all of which are formally reviewed and approved by the Maybank Group Board. The Group also complies with Bank Negara Malaysia's (BNM) Capital Adequacy Framework (Capital Components). Details on this and on our capital framework as well as plans are elaborated under the Basel II Pillar 3 Disclosure made available on our website.

Our medium and long-term capital and funding initiatives are undertaken yearly in view of our three-year Group Capital and Funding Plan. The plan seeks to optimise and maintain strong capital and liquidity positions to meet various stakeholder expectations, which include regulators, debt and equity investors and rating agencies.

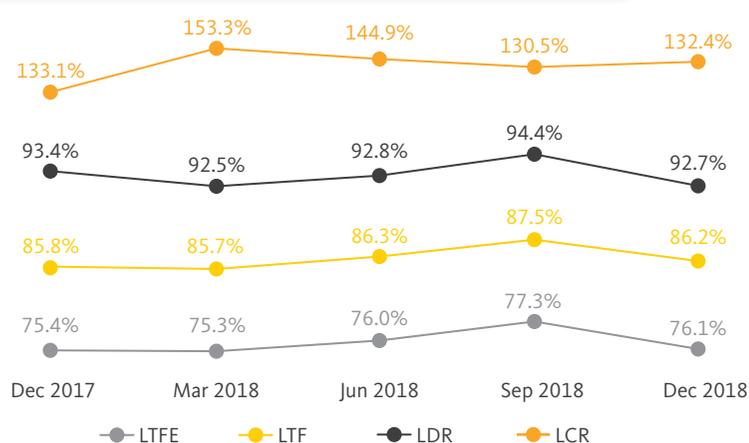
Our funding profile not only focuses on diversification and a balanced mix, but that we maintain optimal funding cost and long-term funding stability. Our strong franchise and digital platforms provide accessibility to various funding sources across retail and wholesale channels, tenures, currencies, products, markets and investor base.

Funding and liquidity profile is stable and well-diversified

Our funding versus assets structure as at 31 December 2018



Liquidity Risk Indicators



Note:

¹ BNM's minimum LCR requirement for 2018 is 90%

² LTF is gross loans divided by (deposits + borrowings + subdebt) while LTFE's denominator is (deposits + borrowings + subdebt + equity + capital securities)

³ LDR, LTF & LTFE excludes loans to banks and FIs

• From our agile funding strategy, we were able to maintain healthy liquidity risk indicators, with liquidity coverage ratio (LCR) at 132.4% as at 31 December 2018, above BNM's minimum LCR requirement of 90.0% for 2018. In addition, our other liquidity indicators such as loan-to-deposit ratio, loan-to-fund ratio and loan-to-fund-and-equity ratio remained stable at 92.7%, 86.2% and 76.1%, respectively as at 31 December 2018.

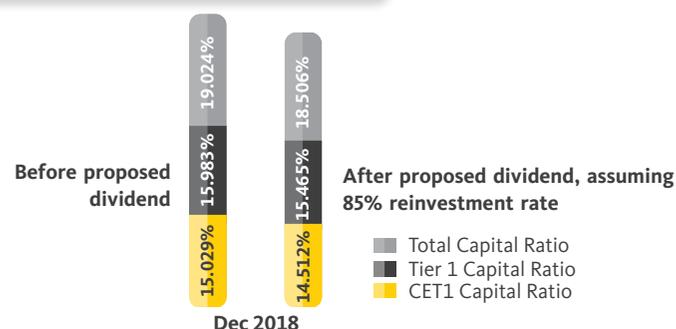
• As part of the daily liquidity management, the Group monitors intraday liquidity to ensure the smooth functioning of its payment and settlement processes. Our liquidity management initiatives to ensure sufficient liquidity to support business functions include:

- Managing both short-term and long-term cash flows via maturity mismatch reports and indicators such as the LCR and net stable funding ratio (NSFR);
- Diversifying funding sources such as currencies, customer types and market segments to ensure a healthy funding mix. This includes managing depositors' diversification to avoid overdependence on chunky depositors;
- Managing the funding structure to optimise the funding cost;
- Maintaining an appropriate mix of high quality liquid assets and adequate liquidity buffers to meet any unexpected cash outflows;
- Conducting regular stress testing to assess cash flow vulnerability under stressed situations and deploy the necessary action plans; and
- Maintaining a recovery plan in responding to liquidity disruptions under stressed conditions.

• Meanwhile, BNM has announced the deferment of the NSFR to 2020.

Robust capital base maintained

Group Capital Ratios



• Our capitalisation levels remained healthy with our Group CET1 Capital Ratio and Group Total Capital Ratio at 15.029% and 19.024% respectively, as at 31 December 2018. Assuming an 85% reinvestment rate under our Dividend Reinvestment Plan (DRP), Group CET1 Capital Ratio and Total Capital Ratio would be 14.512% and 18.506% respectively.

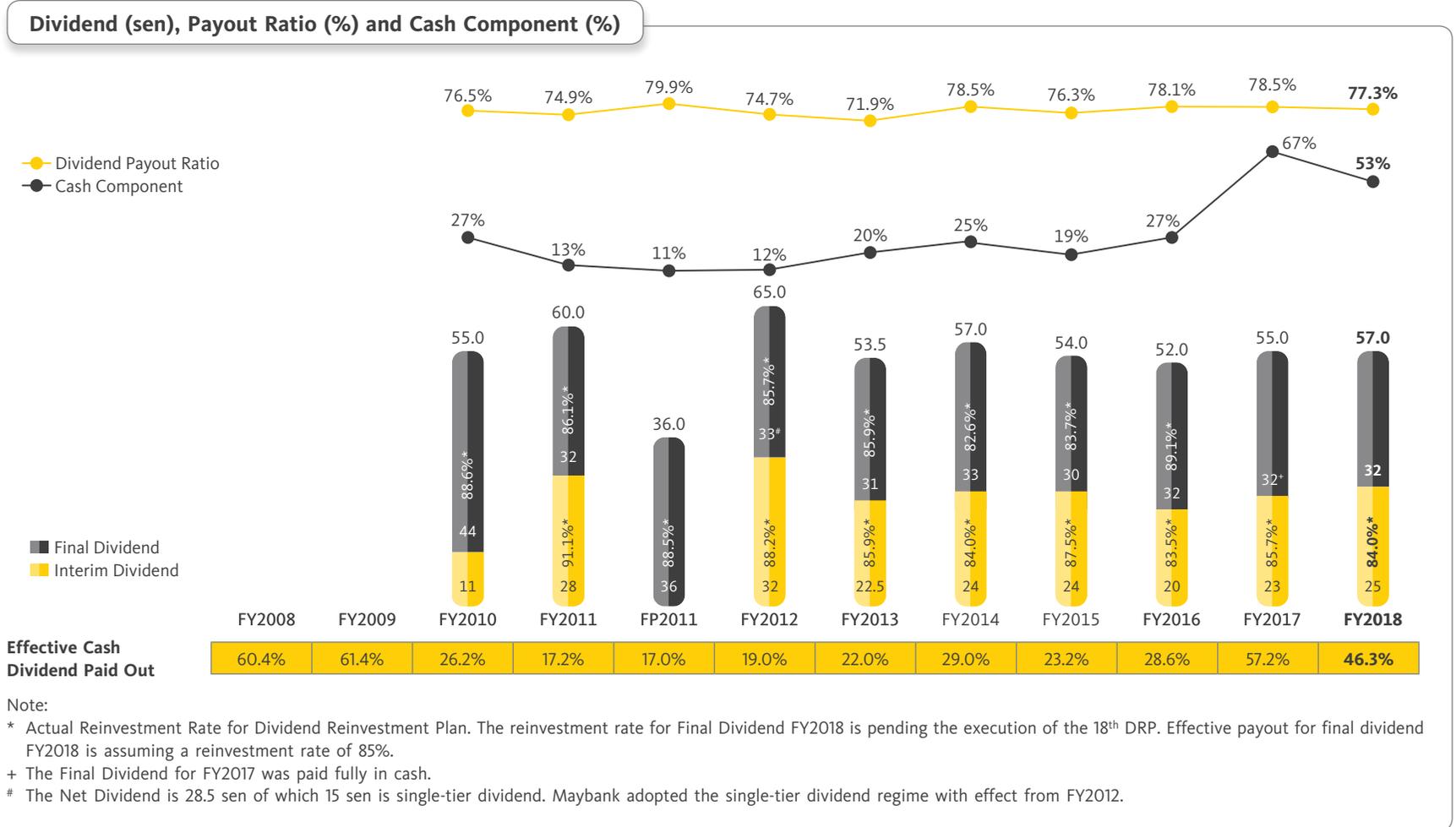
• The Group maintains a robust risk adjusted performance management framework to ensure capital is allocated and utilised efficiently based on risk profile, business needs and regulatory requirements. Aside from managing our business as usual functions, we also have a formalised mechanism to manage capital, funding and liquidity under the Group Recovery Plan to cater for an extreme stress scenario. Various external and internal indicators are actively tracked via established committees to ensure that identified stress events are escalated and addressed promptly.

• Our capital initiatives for FY2018 included our ongoing DRP which resulted in the issuance of 104,486,785 ordinary shares that raised about RM0.9 billion under the 17th DRP. In addition, we also issued Maybank's USD15 billion Multicurrency Medium Term Note programme to allow for Basel III-compliant Additional Tier 1 capital securities issuances. This will enable us to further diversify our foreign currency capital sources and broaden our debt securities issuance range for Tier 1 capital, Tier 2 capital and senior notes.

• The Group also provided capital support to its subsidiaries namely PT Bank Maybank Indonesia and for the local incorporation of Maybank Singapore Ltd in FY2018.

Reflections from Our Group Chief Financial Officer

Value creation for our shareholders



- The shareholders were rewarded with an interim single tier dividend of 25 sen per ordinary share for FY2018, which comprised a cash portion of 15 sen and an electable portion of 10 sen.
- The Board has recommended a final single tier dividend of 32 sen per ordinary share, comprising 15 sen cash and 17 sen electable. As such, total dividend for FY2018 is 57 sen, equivalent to a payout ratio of 77.3%, above our Group's dividend policy.
- We are committed to delivering long-term value for our shareholders by maintaining the long-term dividend policy of 40% to 60%. We continue to emphasise on maintaining a strong effective cash dividend payout, as seen since FY2017, as part of our commitment in meeting shareholders' expectations for strong returns while managing the Group's capital effectively.
- Our effective cash dividend paid out in FY2018 was 46.3%. It was lower than the 57.2% paid out in FY2017, as the final dividend for FY2017 was paid out fully in cash on the back of the cancellation of the 16th Dividend Reinvestment Plan (DRP) for the final dividend of FY2017. The Board decided to cancel the 16th DRP as it viewed that a full cash dividend would provide better shareholder value given softer equity markets. The decision was made in line with the Group's objective to maximise total shareholders' value.

OUTLOOK FOR 2019

Given slowing global growth and uncertainty over possible US-China trade tensions, Maybank Group will maintain its balance sheet expansion in line with the economic growths of its three home markets and in tandem with the Group's conservative risk posture. We will continue to build on our diversified franchise and footprint to expand income streams through cross business collaborations and by focusing on diligent pricing of assets and liabilities.

Other key ongoing priorities for Maybank Group into 2019 include:

- our emphasis to improve productivity levers and drive positive JAWs across business segments;
- proactively manage asset quality and maintain ongoing recovery efforts;
- prioritising capital and liquidity strength given increasingly volatile capital markets and global macroeconomic headwinds as well as to comply with regulatory requirements such as NSFR; and
- maintain our attractive shareholder rewards payout by focusing on improving the effective cash dividend payout.

With these key ongoing priorities, we have set our Group KPI for ROE of approximately 11% in FY2019.

Investor Information

Our investor engagement efforts focus on building confidence and maintaining strong, transparent relationships with the global investing community. Investors are engaged via the following channels:



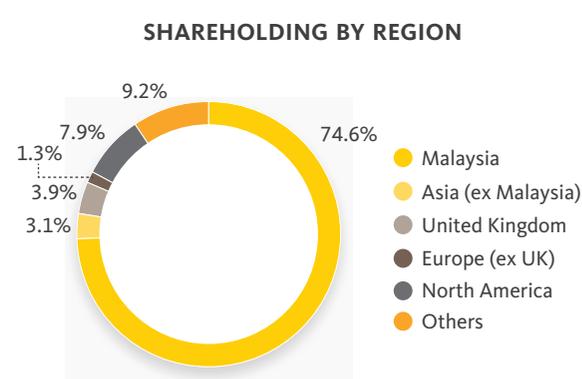
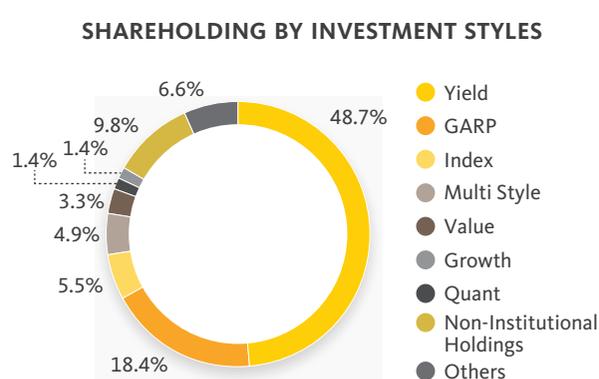
More details on presentation materials used for the above Investor Relations (IR) engagements are available on our corporate website at www.maybank.com/ir. Our website also has details on the 22 sell-side analysts covering Maybank, our credit rating classifications by seven independent credit rating agencies and details on our investor engagements for 2018.

SHAREHOLDER ANALYSIS

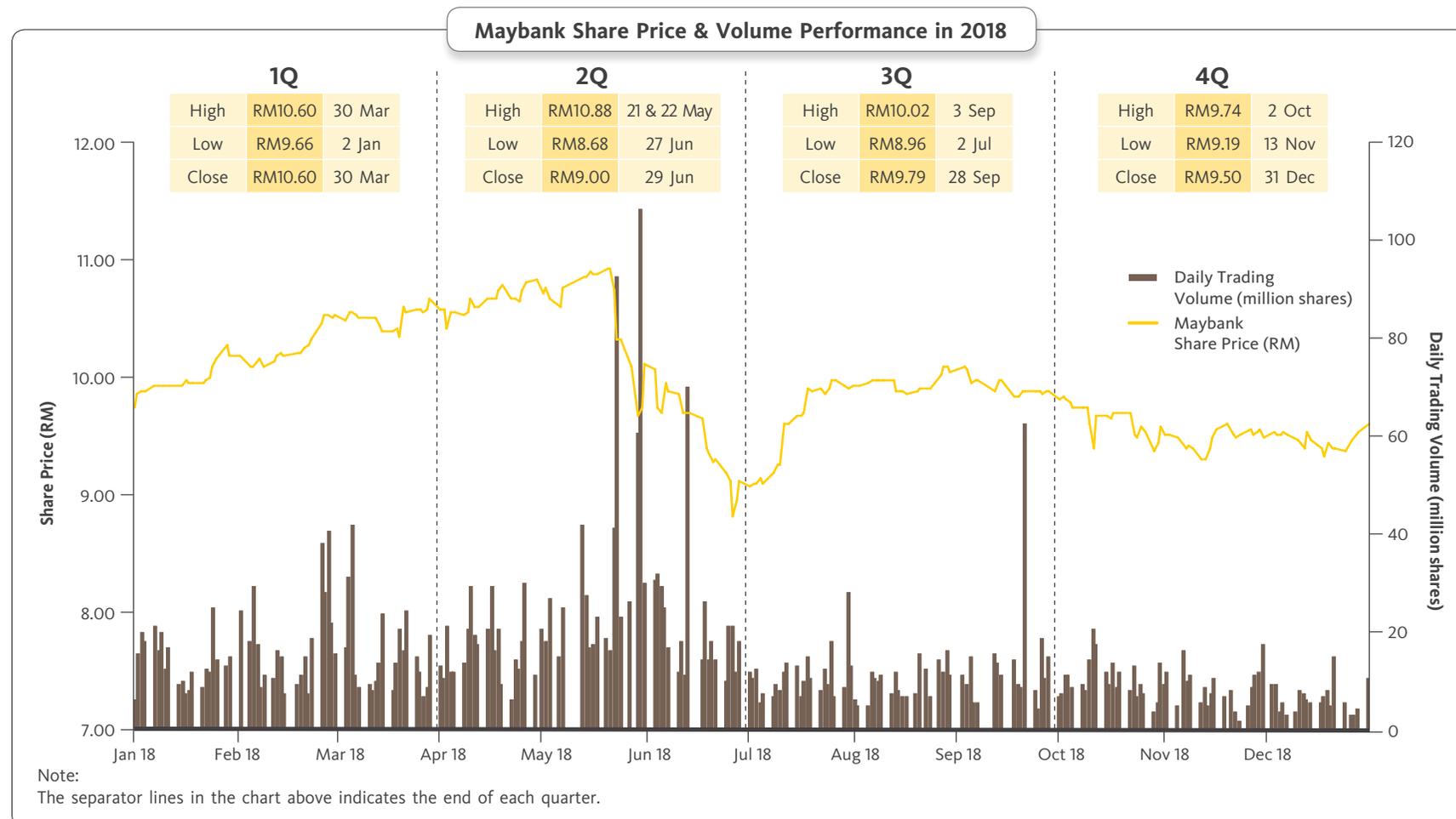
We conduct shareholding analysis to help us better understand our shareholder composition and plan our investor engagement strategy accordingly. The analysis below provides a breakdown of our shareholders by investment styles and region as at 31 December 2018. Please refer to our website for weekly foreign shareholding updates.

Total Shareholders	
Dec 2014	62,814
Dec 2015	68,121
Dec 2016	79,942
Dec 2017	72,692
Dec 2018	78,872

Top 3 Shareholders	
Permodalan Nasional Bhd and the funds it manages	48.3%
Employees Provident Fund Board	12.0%
Kumpulan Wang Persaraan	3.9%

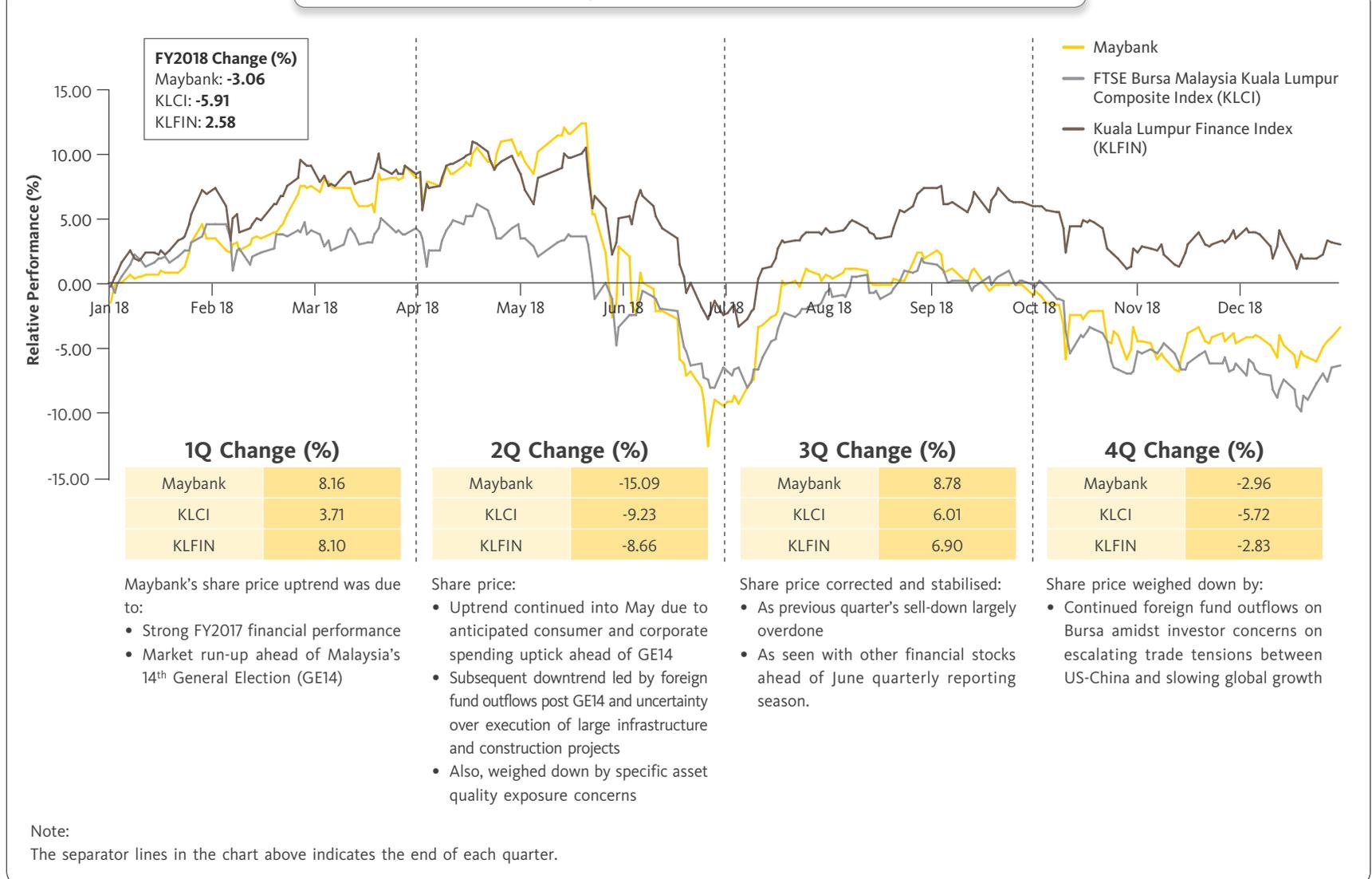


SHARE PRICE PERFORMANCE



Investor Information

Relative Performance of Maybank's Share Price vs Benchmark Indices in 2018



TOTAL SHAREHOLDER RETURN

TSR (%)	FY2010	FY2011	FP2011*	CY2011 [^]	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Maybank	31.69	28.13	(0.16)	8.37	15.60	14.30	(2.49)	(2.46)	3.68	26.65	2.71
KLCI	26.09	24.83	(1.11)	4.45	14.27	14.11	(2.62)	(0.97)	0.07	13.19	(2.99)
KLFIN	43.81	32.86	(5.69)	4.58	16.99	15.09	(3.82)	(6.46)	5.66	21.85	6.60

LONG-TERM TOTAL SHAREHOLDER RETURN

Holding Period (Years)	25	20	15	10	5	3	2	1
Investment Date (31 Dec)	1993	1998	2003	2008	2013	2015	2016	2017
Total Shareholder Return (%)								
Maybank	521.54	618.92	243.21	267.86	28.29	34.88	30.09	2.71
KLCI	188.08	468.63	266.96	166.72	5.95	9.87	9.80	(2.99)
KLFIN	280.70	808.77	381.62	287.46	23.47	37.25	29.89	6.60
Effective Annual Rate of Return (%)								
Maybank	7.58	10.36	8.56	13.90	5.11	10.48	14.04	2.71
KLCI	4.32	9.07	9.05	10.30	1.16	3.18	4.78	(2.99)
KLFIN	5.49	11.66	11.04	14.50	4.31	11.12	13.95	6.60

* FP2011 refers to the 6-month financial period which was for Maybank to change its financial year end to 31 December from 30 June. FY2010 to FY2011 are 12 months ended 30 June.

[^] CY2011 refer to the 12-month calendar year which is unaudited and shown for illustrative purposes only.

Financial Performance

FIVE-YEAR GROUP FINANCIAL SUMMARY

	Group FY 31 Dec					Bank FY 31 Dec	
	2014	2015	2016	2017	2018	2017	2018
OPERATING RESULT (RM' million)							
Operating revenue	35,712	40,556	44,658	45,580	47,320	24,841	26,681
Pre-provisioning operating profit ("PPOP") ¹	9,419	10,953	11,686	11,911	12,416	8,514	9,491
Operating profit	8,948	8,940	8,671	9,883	10,803	7,353	8,748
Profit before taxation and zakat	9,112	9,152	8,844	10,098	10,901	7,353	8,748
Profit attributable to equity holders of the Bank	6,716	6,836	6,743	7,521	8,113	6,123	7,308
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)							
Total assets	640,300	708,345	735,956	765,302	806,992	509,667	456,613
Financial investments portfolio ²	115,911	122,166	130,902	154,373	177,952	114,947	121,354
Loans, advances and financing	403,513	453,493	477,775	485,584	507,084	290,998	230,367
Total liabilities	585,559	644,831	665,481	690,118	729,254	447,414	391,024
Deposits from customers	439,569	478,151	485,524	502,017	532,733	328,939	255,160
Investment accounts of customers	-	17,658	31,545	24,555	23,565	-	-
Commitments and contingencies	551,960	719,952	766,439	811,374	872,955	761,441	780,161
Paid-up capital/Share capital ³	9,319	9,762	10,193	44,250	46,747	44,250	46,747
Share premium ³	22,748	25,900	28,879	-	-	-	-
Shareholders' equity	52,975	61,695	68,516	72,989	75,330	62,253	65,589
SHARE INFORMATION							
Per share (sen)							
Basic earnings	74.2	72.0	67.8	72.0	74.2	58.7	66.8
Diluted earnings	74.1	72.0	67.8	72.0	74.2	58.6	66.8
Gross dividend	57.0	54.0	52.0	55.0	57.0	55.0	57.0
Net assets (sen)	568.5	632.0	672.2	676.9	681.7	577.3	593.6
Share price as at 31 Dec (RM)	9.17	8.40	8.20	9.80	9.50	-	-
Market capitalisation (RM' million)	85,455	81,999	83,584	105,671	104,972	-	-
FINANCIAL RATIOS (%)							
Profitability Ratios/Market Share							
Net interest margin on average interest-earning assets	2.3	2.4	2.3	2.4	2.3	1.9	2.0
Net interest on average risk-weighted assets	3.9	4.1	4.1	4.5	4.6	3.3	3.6
Net return on average shareholders' funds	13.8	12.2	10.6	10.9	11.4	10.6	11.9
Net return on average assets	1.1	1.0	0.9	1.0	1.0	1.2	1.5
Net return on average risk-weighted assets	2.0	1.9	1.8	2.0	2.2	2.3	3.0
Cost to income ratio ⁴	48.9	48.2	47.1	48.6	47.4	40.9	38.0
Domestic market share in:							
Loans, advances and financing	18.4	18.0	18.2	18.3	18.1	18.3	18.1
Deposits from customers – Savings Account	27.6	25.4	25.3	25.7	26.1	25.7	26.1
Deposits from customers – Current Account	21.1	19.9	20.4	19.4	19.3	19.4	19.3
CAPITAL ADEQUACY RATIOS (%)							
CET1 Capital Ratio	11.747	12.780	13.990	14.773	15.029	15.853	13.757
Tier 1 Capital Ratio	13.539	14.471	15.664	16.459	15.983	17.950	14.871
Total Capital Ratio	16.235	17.743	19.293	19.383	19.024	19.313	18.266
ASSET QUALITY RATIOS							
Net impaired loans (%)	1.04	1.43	1.60	1.58	1.28	1.72	1.73
Loan loss coverage (%)	95.6	72.0	72.0	71.5	83.6	72.3	74.3
Loan-to-deposit ratio (%) ⁵	93.2	92.7	93.9	93.8	92.7	84.6	85.8
Deposits to shareholders' fund (times) ⁶	8.3	8.0	7.5	7.2	7.4	5.3	3.9
VALUATIONS ON SHARE							
Gross dividend yield (%)	6.2	6.4	6.3	5.6	6.0	-	-
Dividend payout ratio (%)	78.5	76.3	78.1	78.5	77.3	-	-
Price to earnings multiple (times)	12.4	11.7	12.1	13.6	12.8	-	-
Price to book multiple (times)	1.6	1.3	1.2	1.4	1.4	-	-

¹ PPOP is equivalent to operating profit before impairment losses as stated in the income statements of the financial statements.

² Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments held-for-trading, financial investments at fair value through other comprehensive income, financial investments available-for-sale, financial investments at amortised cost and financial investments held-to-maturity.

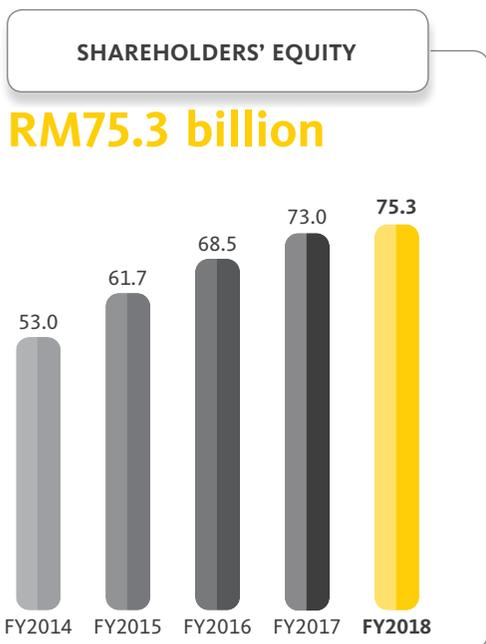
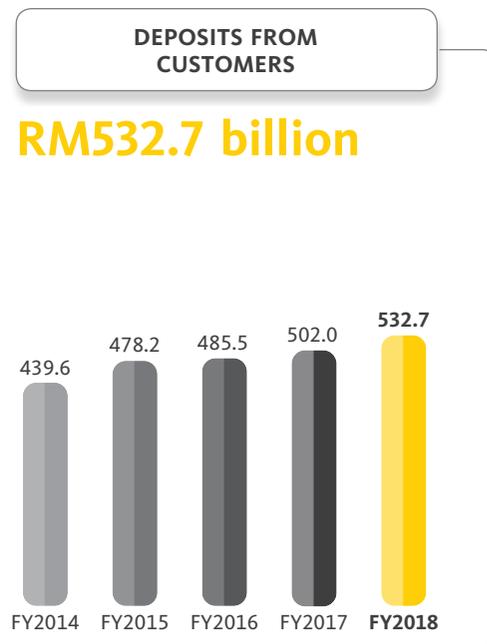
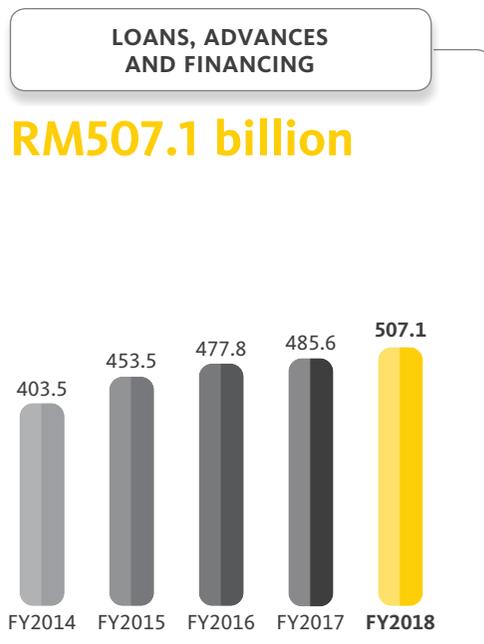
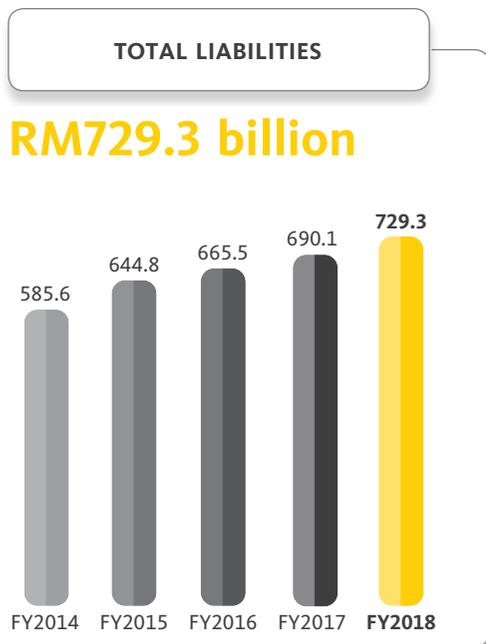
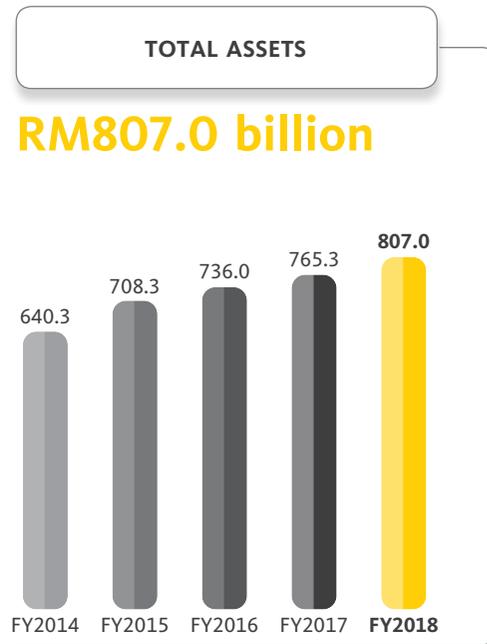
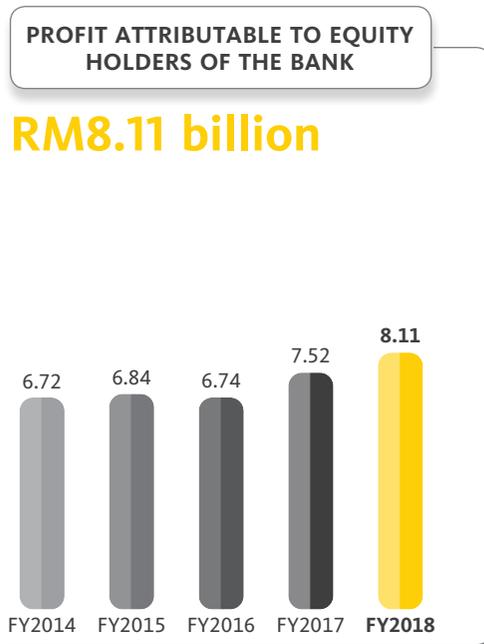
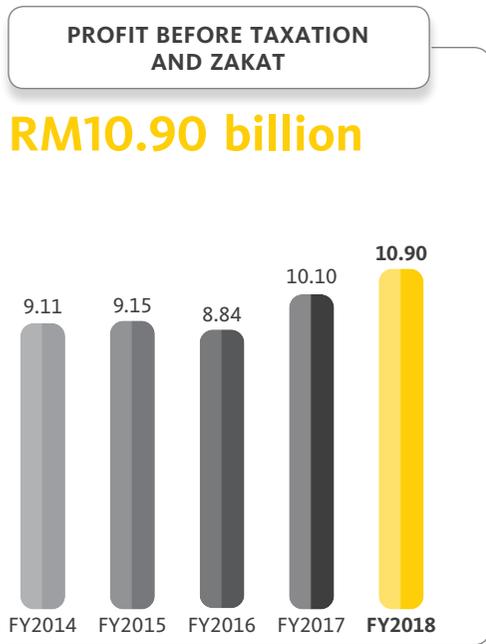
³ Pursuant to Companies Act 2016, the share capital will cease to have par or nominal value, and share premium become part of the share capital.

⁴ Cost to income ratio is computed using total cost over the net operating income. The total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Maybank Indonesia Tbk and Maybank Kim Eng Holdings Limited.

⁵ Loan-to-deposit ratio for December 2018, December 2017, December 2016 and December 2015 is computed using gross loans, advances and financing over deposits from customers and investment accounts of customers.

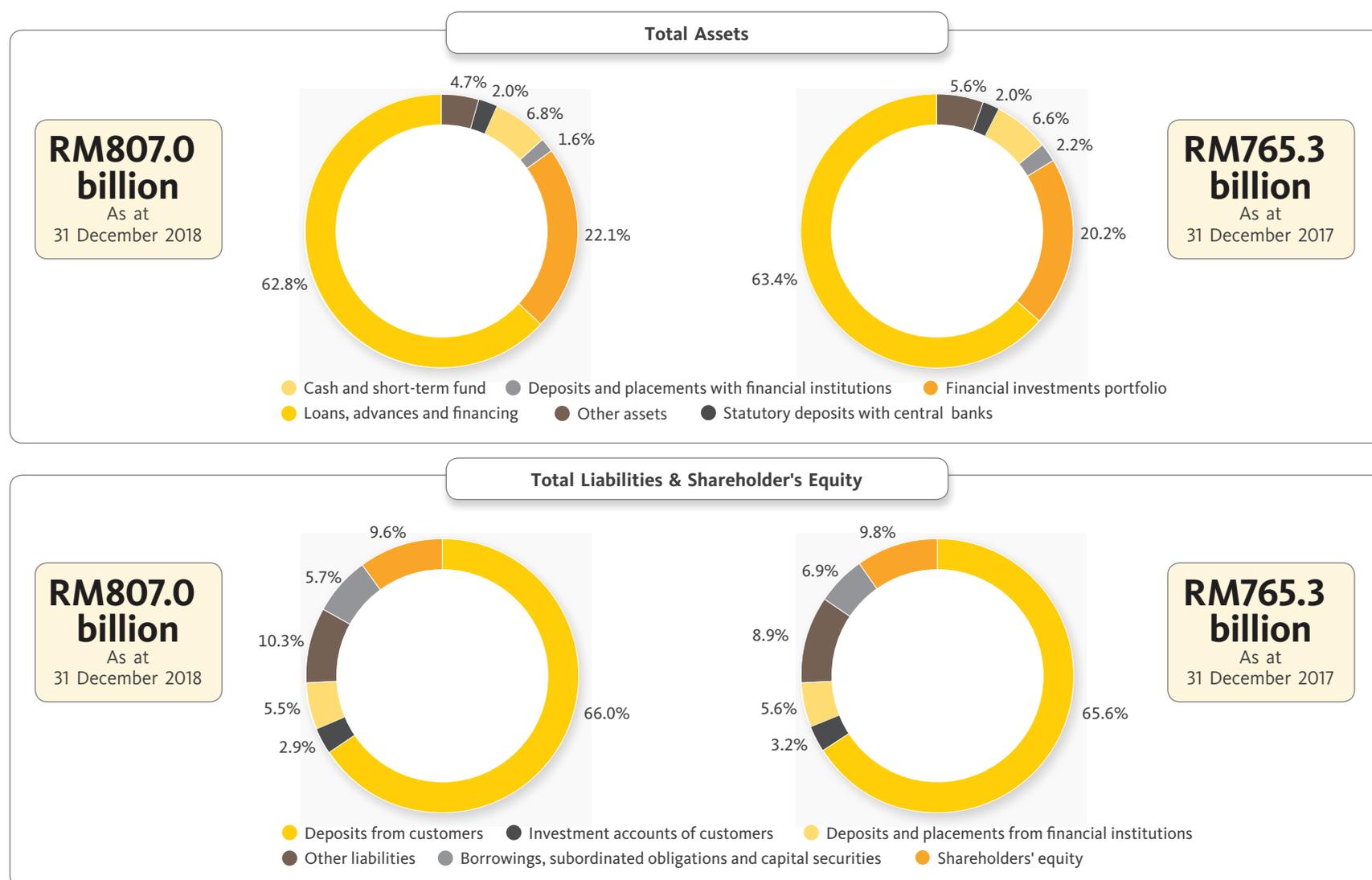
⁶ Deposits to shareholders' fund for December 2018, December 2017, December 2016 and December 2015 is including investment accounts of customers.

Financial Performance



¹ Share capital for FY2016, FY2015 and FY2014 is inclusive of share premium.

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



GROUP QUARTERLY FINANCIAL PERFORMANCE

RM' million	FY 31 Dec 2018				
	Q1	Q2	Q3	Q4	YEAR
Operating revenue	11,515	11,509	12,062	12,234	47,320
Net interest income (including income from Islamic Banking Scheme operations)	4,368	4,320	4,388	4,608	17,684
Net earned insurance premiums	1,511	1,490	1,430	1,502	5,933
Other operating income	1,302	1,008	1,448	1,161	4,919
Total operating income	7,181	6,818	7,267	7,271	28,537
Operating profit	2,548	2,577	2,608	3,070	10,803
Profit before taxation and zakat	2,557	2,609	2,639	3,096	10,901
Profit attributable to equity holders of the Bank	1,871	1,959	1,957	2,326	8,113
Earnings per share (sen)	17.3	17.9	17.9	21.1	74.2
Dividend per share (sen)	-	25.00	-	32.00	57.00

RM' million	FY 31 Dec 2017				
	Q1	Q2	Q3	Q4	YEAR
Operating revenue	11,278	10,922	11,594	11,786	45,580
Net interest income (including income from Islamic Banking Scheme operations)	4,249	4,231	4,309	4,258	17,047
Net earned insurance premiums	1,254	1,256	1,307	1,434	5,251
Other operating income	1,405	1,527	1,497	1,598	6,027
Total operating income	6,908	7,014	7,113	7,290	28,325
Operating profit	2,208	2,179	2,602	2,894	9,883
Profit before taxation and zakat	2,249	2,245	2,678	2,926	10,098
Profit attributable to equity holders of the Bank	1,703	1,659	2,027	2,132	7,521
Earnings per share (sen)	16.7	16.1	19.2	19.9	72.0
Dividend per share (sen)	-	23.00	-	32.00	55.00

Financial Performance

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY 31 Dec 2017			FY 31 Dec 2018		
	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million
Interest earning assets						
Loans, advances and financing	485,584	4.86	24,010	507,084	5.46	25,493
Cash and short-term funds & deposits and placements with financial institutions	67,323	2.26	1,265	67,528	2.38	1,314
Financial assets at fair value through profit or loss	25,117	3.70	964	29,969	2.70	1,092
Financial investments available-for-sale	109,070	3.28	3,372	-	-	-
Financial investments held-to-maturity	20,185	5.37	704	-	-	-
Financial investments at fair value through other comprehensive income	-	-	-	120,914	3.36	3,647
Financial investments at amortised cost	-	-	-	27,069	5.55	1,007
Interest bearing liabilities						
Customers' funding:						
- Deposits from customers	502,017	2.38	9,613	532,733	2.32	11,300
- Investment accounts of customers	24,555	3.00	913	23,565	2.79	598
Deposits and placements from financial institutions	42,598	2.25	1,644	43,851	2.59	2,125
Borrowings	34,506	3.20	1,097	31,600	3.33	1,061
Subordinated obligations	11,979	4.74	855	10,717	4.62	915
Capital securities	6,284	6.06	395	3,531	5.25	342

STATEMENT OF VALUE ADDED

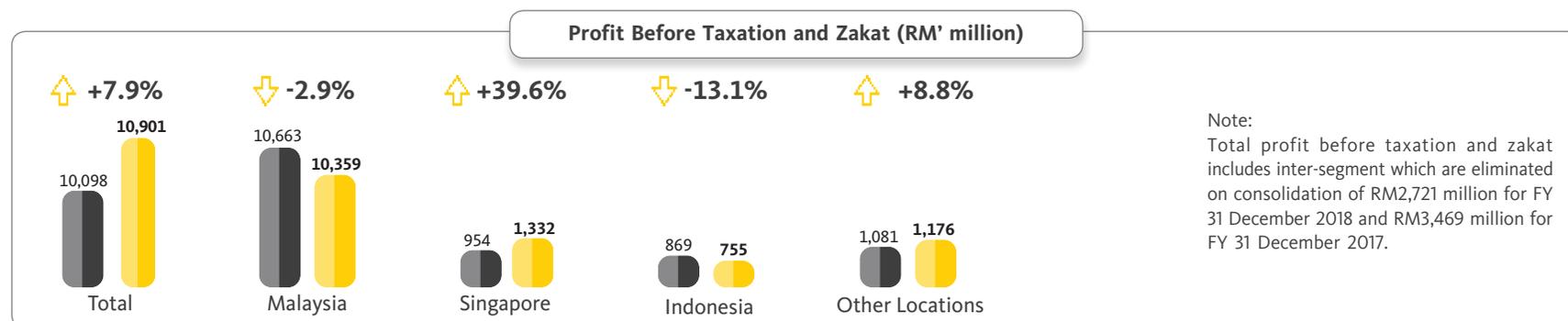
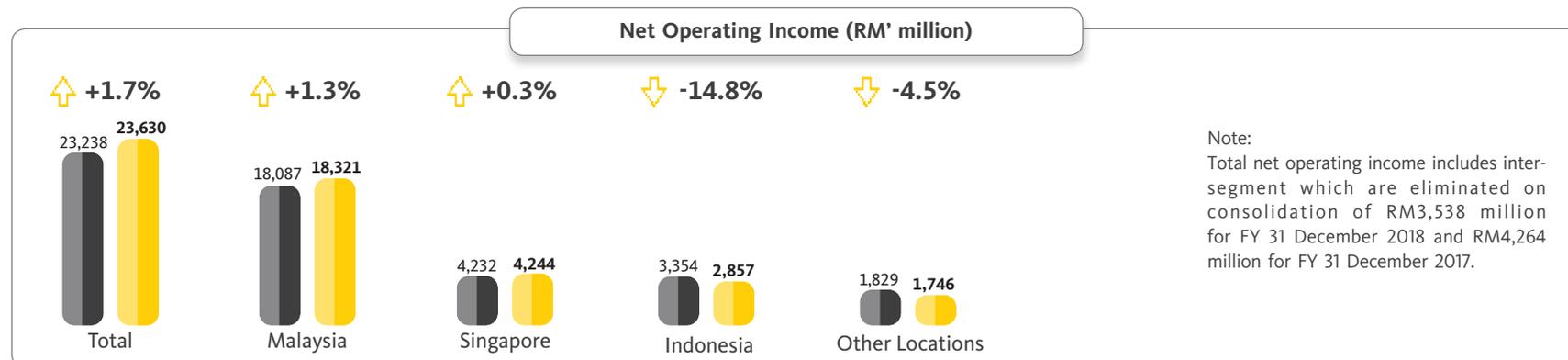
	FY 31 Dec 2017 RM'000	FY 31 Dec 2018 RM'000
Net interest income	12,147,041	12,072,906
Income from Islamic Banking Scheme operations	4,900,251	5,611,704
Net earned insurance premiums	5,250,890	5,933,563
Other operating income	6,027,304	4,918,997
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(5,087,342)	(4,907,529)
Overhead expenses excluding personnel expenses, depreciation and amortisation	(4,506,244)	(4,127,081)
Allowances for impairment losses on loans, advances and financing and other debts, net	(1,959,060)	(1,591,256)
Allowances for impairment losses on financial investments, net	(68,762)	(47,685)
Writeback of impairment losses on other financial assets, net	-	26,028
Share of profits in associates and joint ventures	214,620	98,285
Value added available for distribution	16,918,698	17,987,932

DISTRIBUTION OF VALUE ADDED

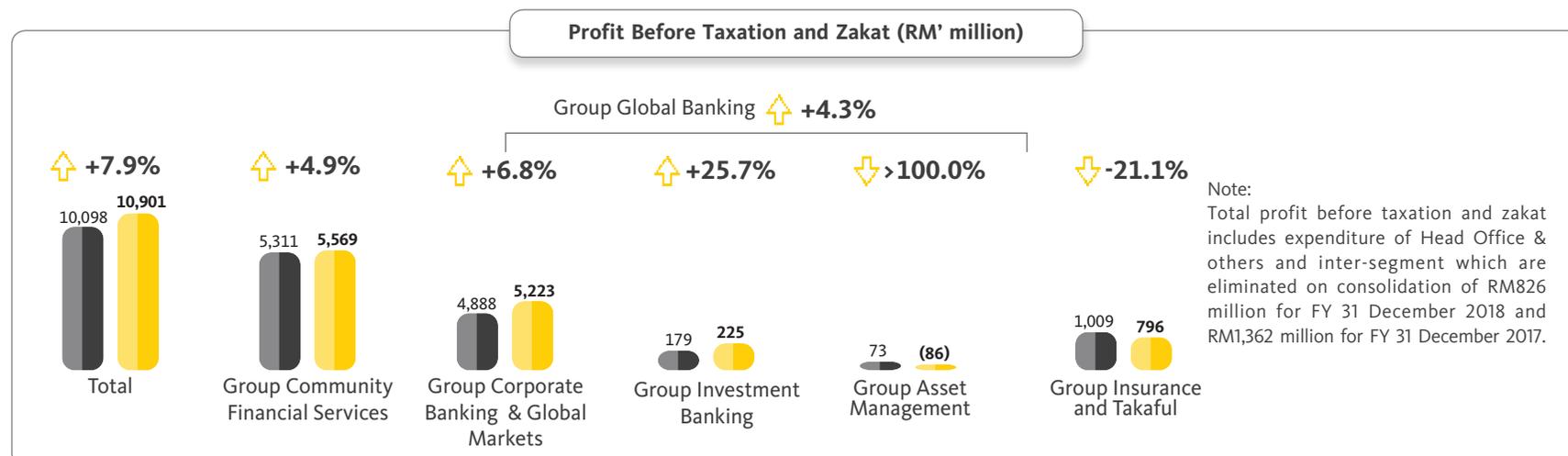
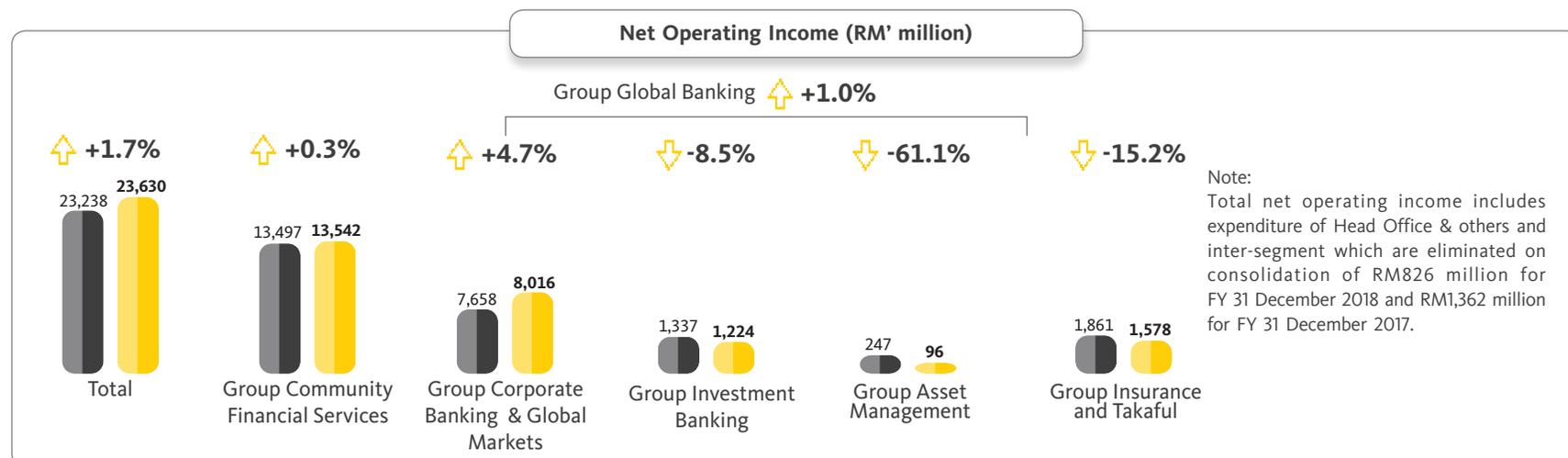
	FY 31 Dec 2017 RM'000	FY 31 Dec 2018 RM'000
To employees:		
Personnel expenses	6,128,012	6,449,524
To the Government:		
Taxation	2,301,222	2,545,410
To providers of capital:		
Dividends to shareholders	5,887,471	6,272,198
Non-controlling interests	276,332	242,676
To reinvest to the Group:		
Depreciation and amortisation	692,590	637,062
Retained profits	1,633,071	1,841,062
Value added available for distribution	16,918,698	17,987,932

SEGMENTAL INFORMATION

ANALYSIS BY GEOGRAPHICAL LOCATIONS



ANALYSIS BY BUSINESS SEGMENTS



● FY 31 Dec 2017

● FY 31 Dec 2018

Group Community Financial Services

STRATEGIC OBJECTIVE

Group Community Financial Services (GCFS) aspires to be the Top ASEAN Community Bank as part of the Group's Maybank²⁰²⁰ strategic objectives. Our commitment to our key stakeholders include:

- Delivering an innovative and seamless banking experience to our customers.
- Sustaining our position as "Among the most profitable (retail banks) in ASEAN".
- Keeping our employees highly engaged and empowered so they can better serve our customers in a fast-evolving banking industry.

STAKEHOLDER EXPECTATIONS



Customers

- Convenient, seamless and quick access to financial solutions anytime and anywhere.
- Innovative and personalised financial advice.



Investors

- Employing capital efficiently when capturing growth opportunities.
- A prudent growth strategy in a challenging business environment.



Employees

- Continuous upskilling to remain relevant and to promote meritocracy.
- Equipped with relevant skills such as digital literacy and data analytics.
- Frequent engagement with senior management via roadshows, townhalls and events.



Communities

- Promote financial literacy by organising seminars, talks and engagement events.



Regulators

- Development of innovative financial solutions that comply with regulatory policies and standards.
- Institutionalise risk management and compliance-related practices across our daily operations.

TOP ACHIEVEMENTS IN 2018



Group Wealth Management (GWM) registered a **10.6%** YoY growth in investment AUM to **RM24.58 billion** underpinned by an **18.3%** YoY growth in our customer base to over **780,000**



Recognised by Global Finance as **the World's Best Digital Bank in Malaysia**, a testament to our innovative digital solutions



In Malaysia, **~55% of new FD placements** were acquired via digital channels



Maybank Singapore Limited received a full banking license to locally incorporate its Community Financial Services (CFS) business on 3 October 2018

For GCFS' Key Awards & Recognition, refer to page 118.



MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
<p>Opportunity & Risk: Notwithstanding a global economic slowdown, the ASEAN region sees continued economic growth and a stable political landscape.</p>	<ul style="list-style-type: none"> The US-China trade war has impacted business and investments around the world. However, growing affluence and urbanisation across ASEAN has increased demand for financial solutions. 		<ul style="list-style-type: none"> Employ a prudent strategy in lending to businesses; focus on small and medium-sized loans and increase recovery efforts. Offer a suite of products including structured deposits, bancassurance and complex investments that cater to customers across the risk spectrum.
<p>Opportunity & Risk: Advancement in digital innovation allows for customer-centric and cost-efficient solutions but threatens the relevance of less agile financial institutions.</p>	<ul style="list-style-type: none"> Increase investment in technology to continue to enrich our customers' banking experience. Leverage appropriate delivery channels to lower the cost to serve. The use of data analytics to target the right market and customer segment with the right product. 		<ul style="list-style-type: none"> Continue to enhance our digital propositions with an improved M2U UI/UX and deliver a personalised and seamless customer experience with faster turnaround time. Leverage data analytics to predict our customers' next financial need so we can propose suitable financial solutions. Centralise and streamline on-boarding and Know Your Customer (KYC) processes to increase efficiencies.
<p>Opportunity & Risk: Increasing awareness on the role of the banking industry in a sustainable economy.</p>	<ul style="list-style-type: none"> Address increasing interest in companies with a robust environmental, social and governance (ESG) strategy and framework. Opportunity to support sustainable projects. 		<ul style="list-style-type: none"> Incorporate ESG principles into our financing practices to effectively mitigate the risk from new credit applications and when conducting periodic credit reviews.
<p>Opportunity & Risk: Evolving work skills to keep up with industry-level competencies and emerging banking technologies.</p>	<ul style="list-style-type: none"> Build a talent pipeline for a future-proof workforce that thrives in a digital economy. Inculcate a culture of innovation and agility. Increased disparity in the skills of employees and new job roles arising from emerging automated technologies. 		<ul style="list-style-type: none"> Persist in efforts to conduct training for sales personnel so they can leverage data analytics to identify potential needs-based selling opportunities. Upskill employees with digital literacy skills through compulsory e-learning and specific courses, and conduct periodic internal employee communications.

KEY FOCUS AREAS FOR 2018

Investing in our Group Wealth Management franchise to capitalise on the region's growth trajectory

We enhanced our wealth value propositions by introducing products such as the Multi-Currency Lombard Credit that enables our high net worth clients to protect and enhance their returns. Meanwhile, we continue to provide regional banking solutions through cross-border financing and by leveraging our network of Private and Premier Wealth centres across six countries.

In Singapore, we introduced the Maybank Privilege proposition that provides wealth management solutions for millennials and young professionals. We also established the Maybank Wealth Management Academy in partnership with the Wealth Management Institute (WMI) of Nanyang Technology University. This is a first-of-its-kind training and assessment programme by a bank in Malaysia, offering a practice-based curriculum for all our sales staff, wealth specialists and managers across eight markets. Staff who complete this programme will receive a certification from WMI which is accredited by the Institute of Banking and Finance, Singapore.

Our efforts have been recognised with several awards and accolades from The Private Banking International, Asian Private Banker, Global Finance and Euromoney. Now, our wealth franchise serves over 780,000 customers, an increase of 18% YoY in customer base.



The signing ceremony at the official launch of Maybank Wealth Management Academy.

Group Community Financial Services

Realising untapped opportunities in the Retail SME landscape

We continuously engage with small businesses and provide them with an interactive platform to share best practices or industry insights. We also provide a “Total Solution Package” that caters to the evolving business life cycle of our SME customers. This has strengthened our customers’ confidence in us.

In Indonesia, we have integrated the SME supply chain business model with an internet-based transaction medium to initiate their journey towards a cashless community. Through our efforts and commitment, we clinched recognition as the Best SME Bank in Malaysia in 2018 by Alpha Southeast Asia and the Best UMKM Bank by Bank Indonesia.

Charting new frontiers through digitalisation

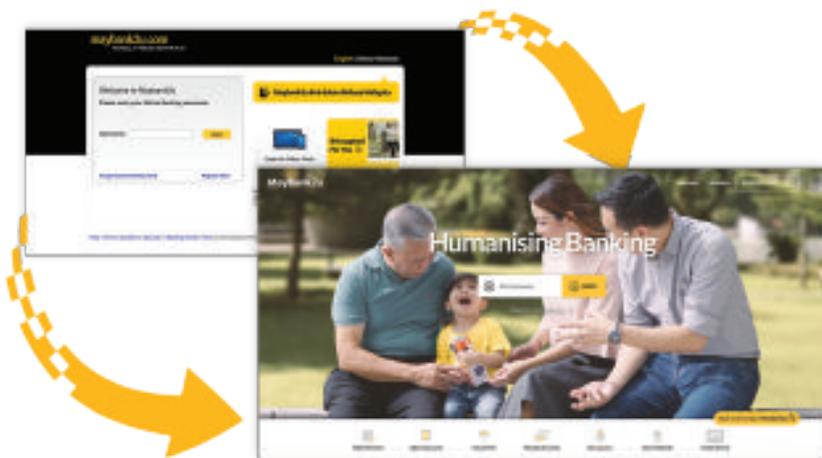
We created a cashless payment solution known as QRPay. This enables merchants to reduce their physical cash holdings while staying in control of their business with on-the-go real-time payment notifications. QRPay has contributed to the growth in the mobile banking monetary transaction value in Malaysia, which has doubled to RM49.50 billion.

We also reimagined our Maybank2u website with an all-new UI/UX to deliver a simplified, personalised and optimised online banking experience to our customers in Malaysia. This has contributed to a growth of active users by 17% YoY to 5.24 million. We intend to replicate these efforts across our key markets progressively.

Besides this, we integrated a first-of-its-kind Digital Financial Planner within M2U in Malaysia, in line with our endeavour to cultivate a more disciplined goal-based savings habit among our customers. The launch of our Goal Savings Plan saw over 21,800 goals established with total upfront deposits of over RM5 million. This feature enables our customers to organise and manage their funds more prudently to reach their goals.

In the Philippines, we seamlessly integrated banking into our customers’ lifestyle via the STP-enabled opening of a savings account. Over 4,473 customers opened a savings account without physically visiting a Maybank branch.

Our innovative digital offerings has been widely recognised and we are the proud recipients of many awards including the World’s Best Digital Bank in Malaysia by Global Finance.



Our Maybank2u website with an all-new UI/UX delivers a simplified, personalised and optimised online banking experience.



Our partnership with KFC to provide cashless payments solution through Maybank QRPay at selected KFC outlets in Malaysia.

OUTLOOK & PRIORITIES FOR 2019

We expect the banking landscape, regulations and guidelines to keep evolving in 2019. We also expect moderate growth in the ASEAN region – underpinned by a stable political landscape, vibrant SME prospects and rising affluence – to drive consumption. Against this backdrop, we remain committed to deliver sustainable returns and accelerated digitalisation.

Priorities for 2019:

- Continue to deliver customer-centric products and optimal channel propositions to better serve our existing customers and penetrate untapped segments.
- Further develop new/enhance digital solutions to enrich our customers’ experience.
- Accelerate STP capabilities across our core products and regional markets to lower delivery cost and improve operational efficiency.
- Deepen data analytics capabilities to drive valuable customer insights and maximise opportunities.
- Develop a talent pipeline for a future-proof workforce.
- Maintain business growth in a sustainable manner by focusing on asset quality soundness.

OUR OPERATING LANDSCAPE IN 2018



MALAYSIA

- Rapid evolution of new technology and customers' expectation require constant innovation and agility for us to remain as market leader.
- Increase in consumer spending supports our loans growth among consumers and Retail SMEs.
- Slowdown in Business Banking financing arising from the impact of domestic policy transition, which saw reprioritisation of major infrastructure projects.
- Increasing regulatory guidelines and higher funding cost arising from increased liquidity buffers in the first half of 2018 compressed our NIM.

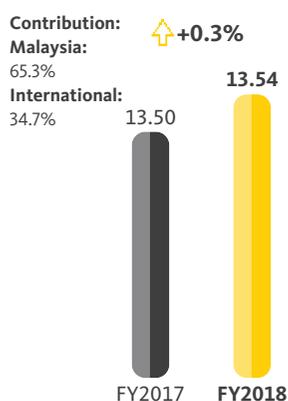


INTERNATIONAL

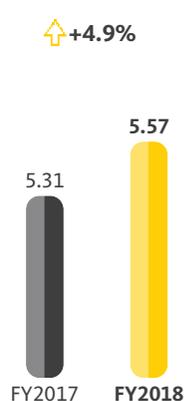
- Banks in Singapore aggressively priced their mortgage rates to ride on the upturn in the housing market, resulting in stiff competition.
- Economic growth in the Philippines and Cambodia supports expansion of our consumer loans.
- Regulatory changes in Indonesia and the Philippines as well as competitive deposit pricing in the banking industry have impacted liquidity.
- Non-bank digital entrants promoted innovative financial inclusion across the region at a faster pace than traditional banks.

REGIONAL FINANCIAL PERFORMANCE FY2018

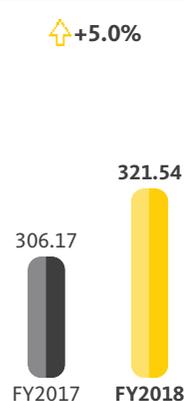
Net Operating Income (RM billion)



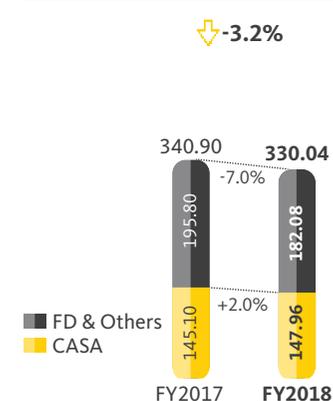
Profit Before Tax (RM billion)



Loans (RM billion)



Deposits (RM billion)



KEY PERFORMANCE HIGHLIGHTS

GCFS registered a 4.9% YoY increase in profit before tax to RM5.57 billion:

- Steady loans growth of 5.0% YoY, underpinned by healthy loans expansion in Consumer and Retail SME at 5.1% and 13.4%, respectively.
- Our strategy in managing funding cost has improved our blended cost of funds. CASA registered growth of 2.0% YoY attributed to our continued efforts to grow low-cost funding.
- Notwithstanding growth in key business top-line, our net operating income saw marginal growth of 0.3% YoY at RM13.54 billion. Net fund based income saw lower growth of 0.3%, predominantly from heightened pricing competition in Malaysia and Singapore.
- Lower overheads expenses of 0.1% YoY reflects our continuous discipline and efforts to manage costs.
- Improved net impairment losses on loans by 21.0% on the back of prudent asset quality management.
- Our continuous emphasis in our key focus segments, mainly Wealth Management and Retail SME, enabled deepening of customers' share of wallet and accelerated overall growth across our markets.

In Malaysia, we saw sustained net operating income growth of 3.5%:

- Moderate growth in net fund based income of 3.7% YoY, due to better returns from its CASA portfolio management.
- Loans recorded growth of 6.0% led by growth in Retail SME of 14.9% and Consumer of 6.8%.
- Notwithstanding the contraction in deposits by 5.5% arising from lower fixed deposits, CASA posted growth of 4.5% underpinned by our continuous efforts in payroll and merchant business acquisitions.
- Improved market share in consumer loans and consumer CASA: 18.2% (2017: 18.1%) and 25.0% (2017: 24.5%), respectively.
- Net fee based income growth was driven by higher cards billings and merchant sales, coupled with improved wealth management-related fees.
- Significant improvement in asset quality as reflected by lower net impairment losses of 33.1% YoY, reaffirms our persistent efforts in managing asset quality.

International recorded a stable net operating income of RM4.71 billion, supported by diversified growth across key markets:

- Singapore grew 4.9% in net operating income underpinned by higher net fee based income of 13.4%. This was partially offset by a flat growth in net fund based income from lower asset yield, particularly due to heightened pricing pressures on mortgage loans. Singapore's net impairment losses reduced on better asset quality management.
- Indonesia saw slight growth in net operating income attributed to healthy loans growth of 7.2% specifically in auto financing, which has also demonstrated improvement in NIM.
- The Philippines recorded solid loans growth of 14.2%, primarily in mortgage and Retail SME.
- Meanwhile, Cambodia posted strong net operating income growth of 26.5% fuelled by robust Retail SME loans and CASA growth.

Group Global Banking

STRATEGIC OBJECTIVE

Group Global Banking (GGB) aspires to be the Leading ASEAN Wholesale Bank Linking Asia as part of the Group's Maybank²⁰²⁰ strategic objectives. Our commitment is to become our clients' trusted financial partner that enables their progress across ASEAN. We will deliver on our aspirations through:

- A client-centric business model anchored by our relationship teams, who are organised by client segments and industries and supported by product specialists, to deliver a wide range of financial services including financing, trade, cash management, advisory, capital markets and treasury services.
- A strong brand. We are known as the trusted ASEAN bank. By partnering with us, our clients can seize growth opportunities in ASEAN by leveraging our local and regional capabilities.
- A clearly defined operating model supported by three strategic imperatives of effective management of balance sheet to optimise returns and risks, ramp-up opportunities from flow business, and strengthen investment management business.

STAKEHOLDER EXPECTATIONS



Customers

- An ASEAN bank that connects them to the region's growth opportunities and allows them to tap on our comprehensive offerings, extensive network, deep expertise and vast knowledge of this region.



Investors

- To deliver sustainable returns by optimising capital and liquidity, and prudent management of risks and cost.
- Appropriate deployment of resources based on our growth strategy.



Employees

- An all-rounded career experience, opportunities to learn from diverse businesses and an international network that can develop the next generation of leaders in banking.



Communities

- Promote inclusivity and empower the less fortunate through our high-impact innovative programmes such as Cahaya Kasih, and provide a platform to promote local arts and culture to positively assist communities in the ASEAN region.



Regulators

- Protect the integrity of the financial system by ensuring business practices are in line with regulations, standards and codes of conduct at all times.

TOP ACHIEVEMENTS IN 2018



Recorded a **healthy PBT growth of 4.3% YoY** despite slower economic growth across the region



Awarded the **Best Investment Bank in Malaysia** by Euromoney, Alpha Southeast Asia and Global Finance



Ranked first for Malaysia's Equity & Rights Offerings and Malaysian Ringgit Islamic Sukuk, and maintained the **top three positions** in the Global Sukuk and ASEAN Local Currency Bonds on Bloomberg's League Tables



Provided sustainable infrastructure financing in ASEAN through various green financing deals in Malaysia and Indonesia



Completed **acquisition of Amanah Mutual Berhad (AMB) and Singapore Unit Trusts Limited (SUTL)**

For GGB's Key Awards & Recognition, refer to page 118.



NOTABLE DEALS



MALAYSIA

- Principal Advisor, Managing Underwriter and Joint Underwriter for **S P Setia Berhad's** acquisition of I&P Group Sdn Bhd
- Joint Principal Adviser, Joint Lead Arranger, Joint Book Runner, Joint Lead Manager, Facility Agent and Security Agent for **Tenaga National Berhad's** RM3 billion Islamic Medium Term Notes Programme
- Joint Principal Adviser, Joint Lead Arranger, Joint Lead Manager and Joint Shariah Adviser for **Telekom Malaysia Berhad's** RM4 billion Sukuk Wakalah Programme
- Joint Principal Adviser, Joint Lead Arranger, Joint Book Runner, Joint Lead Manager, Facility Agent and Security Agent for **Genting Malaysia Capital Berhad's** RM3 billion Medium Term Notes Programme



INTERNATIONAL

- **Singapore:** Joint Bookrunner and Joint Underwriter for **Sasseur REIT's** SGD421.6 million Initial Public Offering (IPO), Singapore's largest IPO in 2018
- **Indonesia:** Joint Lead Underwriter for **PT Sarana Multi Infrastruktur's** IDR120 billion Green Bond, Indonesia's first IDR-denominated Green Bond
- **Indonesia:** Joint Lead Manager and Joint Bookrunner for **Star Energy Geothermal Limited's** USD580 million Green Project Bond, Indonesia's first Corporate Green Bond.
- **Vietnam:** Joint Bookrunner and Joint Underwriter for **Vinhomes JSC's** USD1.4 billion IPO, Vietnam's largest ever and Southeast Asia's second biggest IPO in 2018
- **The Philippines:** Joint Global Coordinator, Joint Bookrunner, Lead Manager and Underwriter for **D.M. Wenceslao & Associates Inc's** PHP8.15 billion IPO, Philippines' largest real estate IPO since August 2007
- **Thailand:** Independent Financial Advisor for **Thai Oil PLC's** USD4.8 billion asset acquisition
- **Greater China:** Arranger for **Shimao Property Holdings Limited's** USD900 million Syndicated Term Loan Facility
- **Greater China:** Mandated Lead Arranger for **Shui On Development (Holding) Limited's** USD480 million Syndicated Term Loan Facility

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
<p>Opportunity & Risk: Pressure on the macroeconomic landscape due to political uncertainties, trade tensions and emerging market volatilities.</p>	<ul style="list-style-type: none"> • Revenue growth may be impacted by slower corporate lending and capital market activities, as well as weaker trading performance. • Pressure on asset quality from selected industries and countries with an uncertain outlook. 		<ul style="list-style-type: none"> • Ramp-up growth from Financial Institutions Group and mid-cap clients, and strengthen other revenue streams such as trade and foreign exchange. • Proactively engage with clients to assist them with their capital and funding needs during a challenging environment. • Manage our asset quality prudently by evaluating our risk appetite, rebalancing our portfolios and conducting stress tests to ensure we are able to continue providing sustainable returns to investors.
<p>Opportunity & Risk: Digital innovations that disrupt and change the investment banking and brokerage landscape.</p>	<ul style="list-style-type: none"> • Revenue growth impacted by heightened competition in the industry. • Opportunity to introduce innovative client-centric solutions that generate cost efficiencies in the long run. 		<ul style="list-style-type: none"> • Invest in digital platforms, especially functions that enhance our clients' experience. In 2018, we introduced a mobile trading app, Maybank Trade, which was developed in-house. More details on page 50 and in The Digital Bank of Choice on page 61.
<p>Opportunity & Risk: Tighter compliance regulations with emphasis on Anti Money Laundering & Counter Financing of Terrorism (AML/CFT) as well as regulatory changes (i.e. Foreign Exchange Administration (FEA)) and new accounting standards (i.e. MFRS 9).</p>	<ul style="list-style-type: none"> • Higher cost of doing business to ensure our practices adhere to the various regulations, standards and codes of conduct at all times. • Focus on safeguarding the bank from any breaches that will expose the bank to reputational risks and fines. 		<ul style="list-style-type: none"> • Ensure employees awareness through mandatory participation in compliance e-learning activities and training. • Refine our middle-office function to strengthen our KYC processes and ensure a seamless client on-boarding experience.
<p>Risk: Intensifying competition in attracting and retaining highly skilled talents.</p>	<ul style="list-style-type: none"> • Potentially higher recruitment costs. 		<ul style="list-style-type: none"> • Provide career development opportunities through leadership programmes, international assignments and job rotations. • Encourage participation in upskilling programmes such as FutureReady and professional certifications to help employees remain relevant.
<p>Opportunity & Risk: Increasing demand for banks to finance businesses and industries that positively impact the environment and society.</p>	<ul style="list-style-type: none"> • Value proposition for renewable energy-focused companies and low-carbon emission agriculture. • An opportunity to cater to investors looking for sustainable investments. 		<ul style="list-style-type: none"> • Review of GGB growth strategy and risk appetite in line with the Group's ESG framework and the Value-Based Intermediation (VBI) framework issued by Bank Negara Malaysia.



Group Global Banking

KEY FOCUS AREAS FOR 2018

Supporting the continued growth of our local & ASEAN clients

On the back of a challenging operating environment, we continued to support the capital and funding needs of our clients by capitalising on our comprehensive range of products and services, strong local and ASEAN knowledge and a global distribution network.

Our investment banking franchise enjoyed a banner year by participating in several notable deals in the region. On the equity front, we facilitated the issuance of two of the biggest IPOs in ASEAN namely Vinhomes JSC and Sasseur REIT's, the largest public issuance in their respective countries of Vietnam and Singapore in 2018. We were also the principal advisor for S P Setia's acquisition of I&P Group and Chemical Company of Malaysia Berhad's corporate exercise, two of the biggest deals in Malaysia in 2018. This cements our leading position on Bloomberg's Malaysia Equity & Rights Offering Table. Meanwhile, our debt market franchise also gained headway in the Sukuk, local currency and dollar spaces as we participated in many award-winning notable deals. As a testament to our effort, we were accorded as the Best DCM House in Malaysia by FinanceAsia and the Best Ringgit Sukuk House at the 12th Annual Alpha Southeast Asia Deal & Solution Awards.

As our clients expand across the region, their daily operations become increasingly complex and sophisticated too. We are mindful of this and have invested in improving our cash management system and ensured that we can provide multi-channel and multi-country solutions to support our clients' financials needs in the most efficient manner. Our efforts were recognised and we were awarded the Domestic Cash Management Bank of the Year by Asian Banking & Finance in 2018. We also refined our treasury product lines and capabilities to meet our clients' investment and hedging needs, for which we were recognised as Malaysia's FX House of the Year by FX Week Asia.

We have also successfully tapped China-ASEAN opportunities by receiving multiple mandates from Chinese companies, particularly in the Financial Institution Group (FIG) segment that are looking to expand in ASEAN. As a result, revenue contribution from Greater China to our overall business increased from previous years.



Maybank senior management at Invest Asia UK.

Promoting sustainable infrastructure in ASEAN

Concerns on how rapid economic growth can adversely impact the environment has led to a global emphasis on sustainable development. Consequently, demand for sustainable infrastructure in the region particularly for green financing grew last year. Understanding this, we executed a number of major green deals in the region. In Indonesia, we helped to structure PT Sarana Multi Infrastruktur's IDR120 billion Sukuk, Indonesia's first IDR-denominated green bond. We also structured Star Energy Geothermal Ltd's USD580 million green bond, Indonesia's first project green bond issuance by a corporate. Meanwhile in Malaysia, we participated in HSBC Amanah Sdn Bhd's RM500 million Sukuk, the first Sustainable Development Goal (SDG) Sukuk in the world.

We are also committed in driving the ESG principals in line with the Group's sustainability agenda. We have further reinforced our lending practices and capital market activities by incorporating the Group's ESG framework into our risk assessment. This will help to ensure that material ESG issues are deliberated alongside business considerations.

Investing in the future of wealth and investment management

In recent years, an increasing number of non-bank financial institutions started disrupting the retail brokerage space by offering innovative digital solutions. To respond to this threat and maintain our competitive edge, we introduced Maybank Trade in 2018. Maybank Trade is an in-house built trading app which empowers users with its various enhanced features. Key features include customisable alert tools that make portfolio management easier, curates investing ideas based on users' preferences, as well as offers analysis with the support of a powerful trading tool.

During the year, we also completed the acquisition of Amanah Mutual Berhad (AMB) and Singapore Unit Trusts Limited (SUTL) under the Maybank Asset Management Group (MAMG). This acquisition complements the existing the business of MAMG through expanded product and investment capabilities, and facilitates our presence in the retail market. We will also leverage the success of our institutional business to offer investors with more intelligent portfolios to maximise their wealth.



Maybank senior management at a client appreciation dinner in Beijing.

OUTLOOK & PRIORITIES FOR 2019

We are cautiously optimistic about 2019. Our main operating region, ASEAN, is expected to sustain its growth momentum on the back of solid macroeconomic fundamentals and positive consumer and business confidence. We will keep looking for growth opportunities from this region, from facilitating sustainable infrastructure investment to intermediating China-ASEAN flows. We will also continue to invest in our people, process and technology, to ensure our diversified business is able to withstand the current risks and uncertainties.

Priorities for 2019:

- Refine our flow product capabilities particularly in treasury management and Islamic trade solutions in our effort to provide clients with best-in-class solutions.
- Continue to scale-up our investment management franchise to solidify our mission of becoming the liquidity aggregator and investment intermediary for the Group and its clients.
- Promote green financing as a tool for climate-friendly initiatives and incorporate ESG principals into our business practices in line with the Group's sustainability agenda.
- Continue to invest in digital capabilities with the aim of improving our efficiency as we serve our clients with greater effectiveness, depth and sophistication.



OUR OPERATING LANDSCAPE IN 2018



MALAYSIA

- Fiscal consolidation in second half of 2018 impacted corporate lending and capital market activities, however, cushioned by robust private consumption from the tax holiday period.
- Pick-up in non-household loans growth driven by construction, utilities and financial services sectors.
- Weak equity markets performance from construction, telco and e-government services sectors but boosted by healthcare, finance and consumer-related stocks.



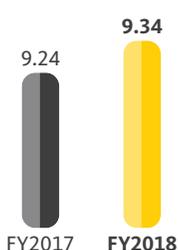
INTERNATIONAL

- Overall, the US and China trade war and rising interest rates in the US has resulted in sluggish external demand and tightening of financial markets in the region.
- **Singapore:** Sustained economic growth driven partly by modern services cluster while banking sector enjoyed NIM expansion as policy rates rose.
- **Indonesia:** Solid expansion driven by the government's infrastructure spending and robust domestic demand.

REGIONAL FINANCIAL PERFORMANCE FY2018

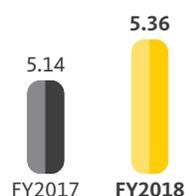
Net Operating Income (RM billion)

Contribution:
Malaysia: ↑ +1.0%
52.4%
International:
47.6%



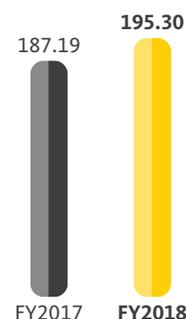
Profit Before Tax (RM billion)

Contribution:
Malaysia: ↑ +4.3%
60.6%
International:
39.4%



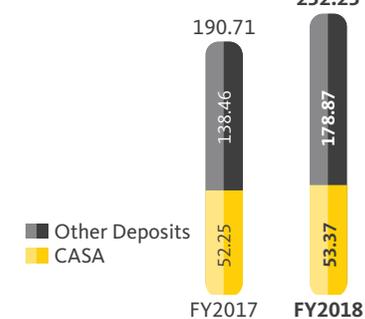
Loans (RM billion)

↑ +4.3%



Deposits (RM billion)

↑ +21.8%



KEY PERFORMANCE HIGHLIGHTS

Healthy GGB PBT growth of 4.3% YoY to RM5.36 billion arising from:

- Group Corporate Banking & Global Markets and Group Investment Banking net fund based income growth of 4.4% and 3.3% respectively.
- Net operating income increase of 1.0% YoY supported by robust net fund based income growth of 4.6% YoY driven by growth in loans and securities.
- Net fee based income declined by 4.0% YoY mainly from investment banking advisory and asset management groups due to lacklustre investment activities and external volatilities, however, cushioned by an improvement in Global Markets.
- Corporate and share margin loans expanded by 4.3% YoY, predominantly led by our key home markets of Malaysia, Singapore and Indonesia as well as Cambodia, Laos, Myanmar and Vietnam (CLMV), mainly from the real estate, construction and healthcare sectors.
- Cost-to-income (CIR) ratio recorded a YoY improvement from 35.9% to 34.3% as a result of our strategic cost management efforts.
- Loans allowances have improved significantly by 15.7% YoY due to recoveries made from existing impaired loans and proactive efforts to manage the asset quality of our loans portfolio.

Healthy net operating income growth of 3.4% YoY in Malaysia contributed by:

- Increase in net fund based income and net fee based income by 5.0% and 1.6% YoY, respectively.
- Growth in net fund based income underpinned by a robust corporate credit expansion of 3.0% mainly driven by term loans, overdraft, and unrated bonds.
- Improvement in net fee based income, mainly contributed by treasury, securities services and fund management products.

Net operating income for international markets recorded a slight decline of 1.5% YoY on the back of a challenging operating environment:

- **Singapore:** Healthy income growth of 3.1% YoY largely contributed by an expansion in corporate loans of 6.7% YoY, as well as growth from Global Market's investment portfolio.
- **Indonesia:** Net income declined due to 1) margin compression despite expansion of corporate loans by 6.8% and 2) lower capital gains due to low investment portfolio holding but offset by growth from loans-related fee income. Loan allowances have also improved significantly as a result of proactive measures undertaken to manage and preserve the quality of our loan assets.
- **Greater China:** Encouraging income growth driven by an increase in corporate loans and CASA by 3.0% and 16.3% YoY respectively, as well as growth from Global Market's fee income.
- **Philippines:** Income declined YoY mainly due to higher funding costs as a result of interest rate hikes and statutory LCR requirements, despite a growth in trade, cash management and treasury products.
- **CLMV countries:** Income increased by 25.0% YoY from broad-based growth.

Group Insurance & Takaful

STRATEGIC OBJECTIVE

Etiqa aspires to be the Leading ASEAN Insurer as part of the Group's Maybank²⁰²⁰ strategic objectives. With a brand promise of "Humanising Insurance and Takaful", we aim to make buying insurance a "Fast and Easy" experience for our customers. We also aspire to become the leading bancassurance player in the region and have established a medium-term Return on Equity (ROE) target of at least 15%. Our key strategic pillars in 2018 were:

- To be the preferred bancassurance partner.
- Revitalise our agency force.
- Improve our digitalisation and omni-channel approach.
- Improve operational efficiency in line with our commitment to be "Fast and Easy".
- Expand regionally by leveraging the Group's ASEAN footprint.

STAKEHOLDER EXPECTATIONS



Investors

- Increase our New Business Value ratio and improve our Model Loss Ratio, indicating better long-term profits.



Customers

- Able to easily purchase policies, faster customer service and a faster claims settlement process as well as professional and relevant advice specific to their needs.



Regulators

- To be a socially responsible business entity that is committed to long-term growth and to provide the best possible service to customers.

TOP ACHIEVEMENTS IN 2018



The **fastest growing** Large Insurance/Takaful provider in Malaysia based on revenue growth



Top online insurer in Malaysia with over **60% market share**



Top four Life Insurance/ Family Takaful provider, **No. 1** General Insurer/ General Takaful provider in Malaysia and **No. 1** bancassurance player in Malaysia



Top digital insurer in Singapore and recognised as the **Most Innovative Finance Firm – Singapore 2018**



Record revenue (gross written premiums) growth of 16.6% YoY to **RM7.22 billion**

For a list of our key awards & recognition, please refer to page 119.



MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
<p>Opportunity: Low insurance penetration rate in certain ASEAN countries.</p>	<ul style="list-style-type: none"> Broaden our customer base, expand our revenue streams, and strengthen the Etiqa brand across ASEAN. 		<ul style="list-style-type: none"> Enhance our product range and offer more protection in line with customers' needs e.g. medical coverage, while giving customers added value through our services. Focus on our international business through bancassurance and online channels.
<p>Risk: Growing in an uncertain and challenging economic environment.</p>	<ul style="list-style-type: none"> Possible slowdown in private and public spending. Possible changes in government policies. 		<ul style="list-style-type: none"> Ramped-up cross selling and deepen our share of wallet while maintaining strict cost management. As a result, our 2018 revenue (gross written premiums) grew by 16.6% YoY.
<p>Opportunity & Risk: Proliferation of digital channels are changing the ways customers engage/transact with the financial institutions.</p>	<ul style="list-style-type: none"> Opportunity to penetrate the digital-savvy customer segment. Opportunity to leverage data analysis to improve cross selling, the upselling of profitable business lines and improve persistency (renewal of policies). 		<ul style="list-style-type: none"> Launched various digital initiatives from front to back-end processing in 2018 in the Malaysian and Singaporean operations, with the aim of giving our customers a “FEBA” (Fast Claims, Easy to deal with, Best Advice) experience.

KEY FOCUS AREAS FOR 2018

1 Remain the preferred bancassurance partner

We continue to see strong annual growth of 23.0% in the Regular Premium/Contribution New Business for bancassurance since the introduction of the Insurance Advisors (IA) programme in late 2016. The growth in bancassurance is contributed by higher productivity and bigger average case sizes. To further spur sales, our underwriting and claims processes have been improved and is currently shorter, with a turnaround time of within 24 hours, compared to the industry average of seven days.

Revitalise the Life and Family takaful agency force

The Life and Family takaful agency has met its targets set in 2018. These targets include: life agents to improve top line productivity by 40%, increase the number of agents with proper accreditation, increase the number of Million Dollar Roundtable (MDRT) agents and hold a regional focus group for Family takaful agents.

For our Life agency, we had a greater emphasis on investment-linked products. We also launched a number of new Family and Life products for both Life and Family takaful agencies to meet customer needs and broaden our product offerings.

Creating awareness on the importance of insurance and takaful coverage

In line with our brand promise of “Humanising Insurance and Takaful”, we undertook a campaign to raise awareness on the importance of having insurance and takaful coverage, especially among the uninsured who account for almost half of the country's population. We had celebrities join our shared cause to educate targeted segments and improve general awareness on the need for insurance/takaful products to meet the different life stages and needs of a person. Awal Ashaari embarked on a nationwide roadshow at selected Maybank branches for the bancassurance's “#Demi” campaign while the duo team of Dato' Afdlin Shauki and Dato' Zainal Abidin were engaged for our “Fast and Easy” digital campaign.



Awal Ashaari was the ambassador of our bancassurance “#Demi” campaign.



We have got you covered with our Travel Insurance & Takaful plans. Enjoy peace of mind on your holidays, where help will be Fast & Easy during unfortunate events.

Dato' Afdlin Shauki and Dato' Zainal Abidin were engaged for our “Fast and Easy” digital campaign.

Group Insurance & Takaful

Digitalisation of Etiqa

We continued to digitalise our services to maintain our position as the top online insurer in Malaysia and the best digital insurer in Singapore. We developed an Application Programming Interface (API) to allow us to widen our online distribution channel through third parties like RinggitPlus and MyEG during the year. Products distributed through our partners' portals include term life and travel insurance on RinggitPlus and motor insurance on MyEG.

We also improved the stability of our e-channel distribution (i.e.: Direct Sales Portal (DSP)) and our corporate website to provide a better customer experience for everyone including the visually impaired community. This portal also offers road tax renewal and delivery for our motor insurance customers in selected areas in the Klang Valley. This service will be offered to other regions in the future.

Our Singapore entity, Etiqa Insurance Ptd Ltd introduced technology-based solutions such as the Straight Through Processing (STP) of travel claims, auto claims processing for flight delays, real-time claims payment via eWallet and DBS Ideal Rapid, a collaboration with DBS Bank, and policy cancellations via robotics process automation (RPA).

Improve operational efficiencies to be “Fast and Easy”

To live our “Fast and Easy” motto, we implemented several industry-firsts. These include “E-CLEVA”, a real-time video assisted claims care for motor & fire insurance customers which processes claims settlement within 15 minutes; “DERAS” or car accident claims approval in 30 minutes, and “CAPSME” or Claims Advance Payment for Small Medium Enterprise (SME) companies with approval within 24 hours. Our data analytics team also worked on big data applications to detect fraud and expedite processing of non-suspicious claims.



Kamaludin Ahmad, Group CEO, Insurance & Takaful, was a panellist at the Singapore FinTech Festival 2018 titled “Building Synergies between FinTechs and Financial Institutions in ASEAN”.



An Etiqa Claims Consultant interacting with a claimant remotely via audio-video call.

OUTLOOK & PRIORITIES FOR 2019

We expect mixed growth for the Malaysian Insurance and Takaful sector in 2019. The Life and Family segment should grow steadily while the General Insurance/Takaful segment may be impacted by deferment or cancellation of infrastructure projects which will affect many construction companies and consequently, affect the sale of our general insurance premiums.

Our online channel will continue to grow on the back of more smartphones and internet users. Agency and bancassurance channels will continue to support the ecosystem's growth due to their advisory value-added role.

Likewise, digital and data analytics will play a bigger role in the growth of insurance companies. FinTech and Insurtech players are expected to go beyond providing an alternative distribution channel and improve their efficiency in delivering solutions.

Products and services are becoming even more ubiquitous across the insurance and Takaful industry. Insurers can only differentiate themselves through their brand and the perception and the feel of their companies. As these factors are mainly derived from their customers' experience, improving our customers' experience with us will create and build loyalty. This should lead to sustained growth and profitability.

Priorities for 2019:

- To work towards maintaining Etiqa bancassurance as the preferred partner for banks.
- Improving Family Takaful position in Malaysia by leveraging bancassurance and agency channels.
- To be among the Top 10 Life agency insurance players.
- Focus on serving Singapore's affluent segment by providing competitive products that meet their needs.
- Improve distribution through our e-channels and grow our revenue by improving our website as well as fast-tracking the use of technology in every aspect of our business.
- Better customer segmentation through data analytics to give a “Fast and Easy” experience to our customers and offer appropriate advice.

OUR OPERATING LANDSCAPE IN 2018



MALAYSIA

- Liberalisation of the general insurance industry has resulted in stiff competition and an ongoing price war in this industry which has affected profitability and compelled insurers to strengthen their business model.
- Volatility in financial markets on the back of global economic uncertainty has impacted investment revenue across the insurance industry.
- Life insurers are offering more protection products as major central banks move to normalise their monetary policy, a move that affects returns from investments, a key source of revenue for insurers.
- MFRS 9, adopted on 1 January, resulted in volatility in our financial performance on a MoM basis as it requires anticipated, not incurred, losses to be reported.



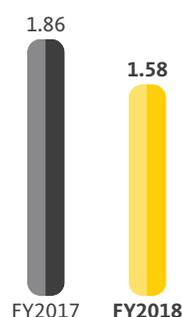
INTERNATIONAL

- Positive economic development in Indonesia and Singapore boosted growth in insurance premiums especially for property and engineering segments.

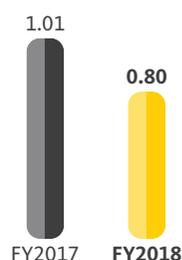
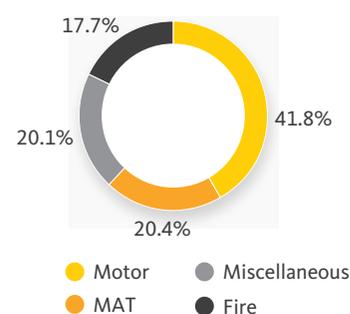
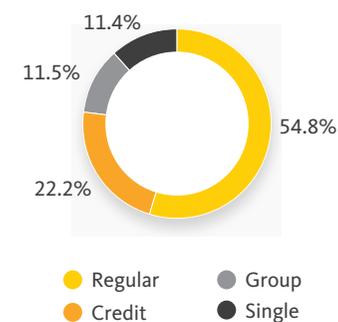
REGIONAL FINANCIAL PERFORMANCE FY2018

Net Operating Income*
(RM billion)

↓ -15.2%

Profit Before Tax*
(RM billion)

↓ -21.1%

General Insurance Premiums/
General Takaful ContributionsLife Insurance Premiums/
Family Takaful Contributions

* Net Operating Income and Profit Before Tax are mapped according to segmental disclosures. Refer to Note 64, page 265 in the Financial Statements book.

KEY PERFORMANCE HIGHLIGHTS

Group Insurance & Takaful's PBT contracted by 21.1% to RM795.98 million:

- Our combined gross premium/contribution recorded a growth of 16.6% YoY to RM7.22 billion in FY2018, on the back of strong growth in all business lines.
- Life Insurance & Family Takaful business registered a premium/contribution growth of 16.5% to RM4.34 billion contributed mainly by a strong growth in credit-related business and single premium products.
- General Insurance and Takaful premium/contribution business rose by 16.9% to RM2.87 billion supported by growth in all businesses.
- Despite strong gross premium growth, Group Insurance & Takaful's net operating income and PBT were affected by an adverse equity market for the year. This resulted in losses in our equity investments (both realised and unrealised), a marked contrast to the gains made in FY2017. To comply with MFRS 9, equity values are marked to current market value.
- Total assets increased by 4.7% to RM36.12 billion in 2018 from RM34.49 billion recorded in the previous year.

- Gross premium for conventional insurance grew by 19.7% YoY to RM4.34 billion and contributed 60.1% to Etiqa Group's total gross premium contributions. Gross contribution from Takaful grew by 12.3% YoY to RM2.88 billion in FY2018.

In Malaysia, PBT was lower by 18.6% to RM785.64 million:

- Combined gross premium/contribution grew 11.3% to RM5.62 billion in FY2018 from RM5.05 billion a year earlier, supported by strong growth in credit, regular premium and motor insurance.
- The lower PBT in FY2018 was due to negative returns in the equity market. However, losses made by our equity investments were mitigated by a rise in MGS yield and a narrowing credit spread during the year.
- Etiqa General Takaful Berhad is still the top player in the General Takaful market with a market share of 52.5% in net written contribution. In the Family Takaful segment, Etiqa Family Takaful Berhad maintained its third ranking with a 17.5% market share in adjusted new contribution (Source: Insurance Services Malaysia's Statistics for 12 months ended 30 September 2018).

- Etiqa's growth of 10.2% in General Insurance and Takaful business exceeded the industry's 4.4% growth, mainly led by growth in Fire (17.4%) and Personal Accident (6.4%).
- New Business Value (Life Insurance and Family Takaful) recorded a strong increase of 53.6% YoY.

For international operations, PBT was slightly lower in FY2018:

- The regional markets' combined gross premium recorded a growth of 40.3% YoY to RM1.59 billion in 2018.
- The Singapore business made gross premium of SGD404.31 million, a 33.3% increase, driven mainly by the strong growth in the single premium business acquired by Maybank Premier Wealth. However, PBT was slightly lower than FY2017's SGD8.30 million mainly due to the challenging investment climate in 2018.
- Meanwhile in the Philippines, Etiqa registered growth in gross premium and PBT of 13.1% to PHP3.09 billion and 13.0% to PHP289.95 million respectively in 2018.
- Despite stronger premiums growth in our international operations, PBT was lower due to lower investment profits and higher operating acquisition cost.



Group Islamic Banking

STRATEGIC OBJECTIVE

Maybank Group Islamic Banking (MGIB) aspires to be the Global Leader in Islamic Finance as part of the Group's Maybank²⁰²⁰ strategic objectives. We also aim to pioneer innovative and inclusive financial solutions to address the needs of our customers. As a thought leader, we strive to contribute to the Islamic Financial industry on the back of our extensive insights and by engaging with global peers, Islamic institutions and regulators.

STAKEHOLDER EXPECTATIONS



Customers

- Convenient, efficient and seamless banking experience especially for customers unfamiliar with Islamic Banking.
- Innovative products to address the banking needs of the unserved segment.



Investors

- A relationship based on trust and for us to safeguard their interest and create sustainable value by upholding integrity and by providing timely and accurate disclosures.



Employees

- An environment that nurtures talent, ensures inclusiveness, celebrates diversity and provides equal opportunities for career growth.



Communities

- Programmes that support financial inclusion and sustainable welfare.



Regulators

- Participate in the development of the Islamic Banking and Islamic Capital Markets in Malaysia through active engagement with regulators and peers.

TOP ACHIEVEMENTS IN 2018



Solidified our position as the **largest Islamic Bank** by asset size in Malaysia for 10 consecutive years



Recognised as the **World's Best Islamic Financial Institution** 2018 by Global Finance Magazine



Provided Shariah advisory service for Universiti Teknologi MARA (UiTM)'s Green SRI Sukuk issuance, the world's first green SRI (sustainable and responsible investment) Sukuk issuance by an institute of higher learning

📁 For a list of our key awards & recognition, please refer to page 119.

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
<p>Opportunity: Push for sustainable financing and support for Value-based Intermediation (VBI) initiatives.</p>	<ul style="list-style-type: none"> • Opportunity to further strengthen our Shariah banking practices towards our intended outcomes, which includes building trust, prevention and eradication of harm, and the creation of sustainable value. 		<ul style="list-style-type: none"> • Developed the VBI framework and guidelines in collaboration with Bank Negara Malaysia and members of the VBI Community, comprising other Islamic banks. • Introduced HouzKEY, a rent-to-own scheme, and one of the first VBI products in the market. It is fully enabled (from application to approval) on our digital platform at www.maybank2own.com



KEY FOCUS AREAS FOR 2018

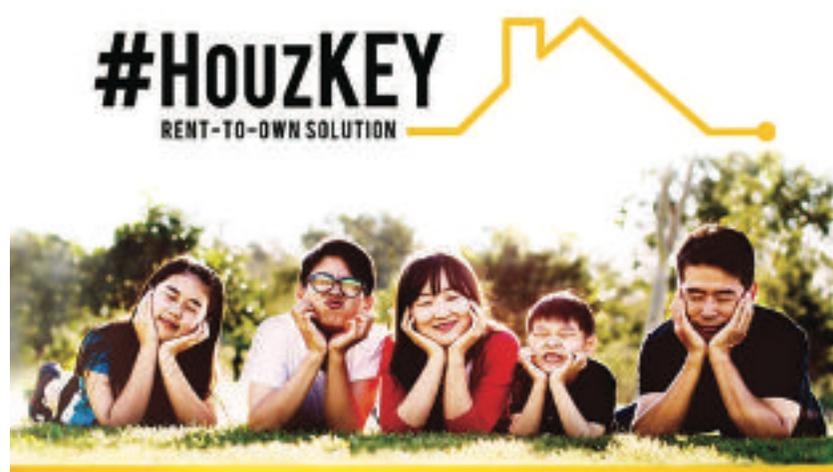


Address the need for home ownership

We introduced several products to help our customers, especially millennials and young working adults, who face difficulties in financing their own homes.

Phase One of our rent-to-own scheme, HouzKEY was in January. This scheme helps customers buy a house without having to pay for the downpayment, thus minimising the upfront cost of owning a property. Customers have the option of either purchasing the property at a pre-determined price or continue to rent, after renting it for at least one year. Phase One extends to new developments from our partner developers. Phase Two, launched in May, include properties in the secondary market, and provided our customers with a wider selection of properties. We also partnered with the Selangor state government to offer an affordable rent-to-own housing solution via the Sewa Milik Selangorku programme.

We introduced MaxiHome Ezy, a stepped-up easy repayment scheme to assist first-time home buyers. It allows customers to service only the profit portion of their home financing for the first five years and pay the full financing instalments starting from the sixth year. This allows buyers to manage their cash flows in the first five years of buying their own home.



100% FINANCING FOR YOUR DREAM HOME
Pembiayaan 100% untuk rumah idaman anda

HouzKEY enables customers to buy a house without having to pay for the downpayment.



Further customer service enhancements

To retain and further strengthen our relationships with our clients, we continued to enhance our front-end capabilities. We launched the following initiatives in 2018:

- Corporate Privilege Scheme: Partnered with corporates to offer Shariah-compliant financial solutions and professional services to their employees and vendors.
- Internal Certification for Branch Staff: We rolled out a mandatory certification programme endorsed by our Shariah committee to ensure that our staff's knowledge of Shariah-compliant products are up-to-date. The programme was completed by all staff at eight Maybank Islamic full-fledged branches and all managers at 352 dual branches across eight regions.



Fortify our thought leadership programmes

As an industry thought leader, we have several programmes to inculcate a better understanding on the virtues of Islamic Finance. Such awareness should stimulate new business segments and facilitate acceptance towards Islamic products by the wider community:

- Promoting the Halal trade: Increasing demand for halal products, supported by the growth of the Halal Economy, presents a valuable opportunity for trade financing. Our initiatives involves collaborating with JAKIM, Ministry of International Trade and Industry (MITI), and the Halal Development Corporation (HDC), to offer Islamic financing solutions to support the trade of halal products.
- Create awareness about Shariah Securities Listing: Growing interest among investors for sustainable and ethical products has increased demand for global Shariah-compliant stocks. As Malaysia solidifies its position as a Global Islamic Finance Hub, we raise awareness of this demand by engaging with conventional public companies with a view of assisting them in attaining Shariah-compliant status on the local bourse.

OUTLOOK & PRIORITIES FOR 2019

The VBI framework issued by Bank Negara Malaysia in 2018 focused on Islamic financial institutions continuing to make sustainable impact on the local economy, community and environment. Globally, we expect economic growth for the Gulf Cooperation Council (GCC) countries to remain stable in 2019 on the back of higher crude oil prices notwithstanding the uncertain global economic outlook. This should lead to a need for Shariah-compliant financing solutions in that region.

This outlook presents an opportunity for MGIB to expand its presence and influence in new markets.

Priorities for 2019:

- To focus on high-quality assets and remain vigilant in identifying potential impairments from slowing global economic growth.
- To optimise funding costs and maintain a stable maturity profile by reducing dependency on short-term funding.
- To continue improving operational efficiencies by maintaining strict pricing and cost management discipline.
- To embark on targeted financing growth for higher-yielding assets to increase our margin and expand fee-based income.



Group Islamic Banking

OUR OPERATING LANDSCAPE IN 2018

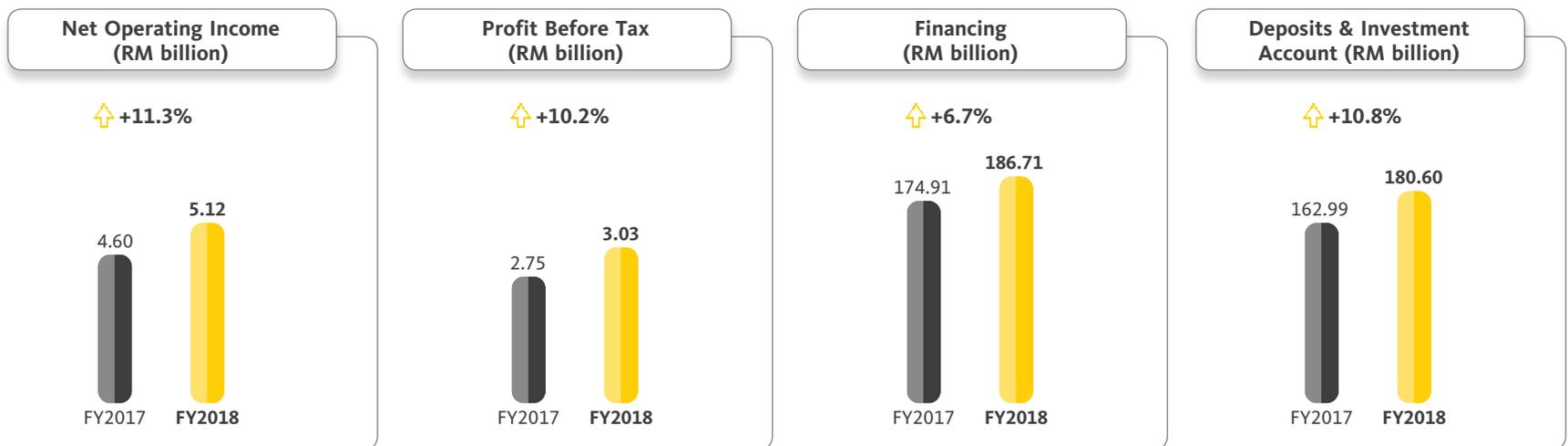
MALAYSIA

- Increased focus on sustainable practices by Islamic financial institutions, as the industry prepares for the implementation of VBI.
- Islamic financing is still expected to grow on the back of resilient domestic consumption despite a contraction in public investments.

INTERNATIONAL

- Indonesia continues with regulatory initiatives to develop its Islamic Finance sector. Rapid FinTech growth also drives Islamic Finance growth in this country, particularly in regards to the promotion of financial inclusion and social welfare.
- The launch of a new Shariah-compliant index in Singapore, aimed at being the benchmark for Shariah-compliant global funds, will boost Singapore's Islamic Financial sector. This index may also drive growth of its Islamic wealth management segment.

REGIONAL FINANCIAL PERFORMANCE FY2018



KEY PERFORMANCE HIGHLIGHTS

MGIB's PBT increased by 10.2% to RM3.03 billion from:

- Operating income increase of 11.3% to RM5.12 billion supported by higher domestic total income.
- MGIB exhibited better cost management as CIR improved to 29.5% with a positive JAWs.
- Asset quality weakened as Gross Impaired Financing (GIF) ratio increased from 1.1% to 1.4% arising from newly classified impaired financing in FY2018.
- Financing grew by 6.7% to RM186.71 billion YoY mainly from CFS Malaysia, predominantly backed by mortgage, term financing and auto financing.
- Total deposits and investment account (IA) stood at RM180.60 billion from a 10.8% YoY growth, supported by a CASA ratio of 26.2%.

In Malaysia, Maybank Islamic Berhad (MIB) recorded PBT of RM2.60 billion, a commendable growth of 15.0% from RM2.27 billion in the previous year as:

- Financing increased by 8.1% from the previous financial year to RM176.82 billion, mainly led by corporate and consumer financing segments. Maybank Malaysia's Islamic Financing currently represent 58.7% of Maybank Malaysia's total domestic financing.
- Total deposits and IA registered a 10.9% YoY growth to RM171.35 billion. The growth was mainly driven by corporate accounts.
- MIB maintained its position as a market leader in the domestic market with a market share of 30.7%, 32.7% and 29.9% for total assets, financing and customer deposits and investment account respectively.
- Better cost management as CIR ended at 32.3% in FY2018 (FY2017: 35.1%).

Total assets growth for our international market was 6.7% YoY. Growth was mixed in different markets as:

- Maybank Singapore Islamic registered a financing growth of 13.1% YoY to RM5.64 billion, predominantly backed by auto financing and mortgage financing.
- Net fund based income steadily increased by 13.3% YoY mainly driven by contributions from the CFS financing portfolio.
- The PBT growth to RM192.93 million is attributed to better financing performance and lower allowances for impairments.
- Meanwhile, Maybank Indonesia's Unit Usaha Syariah (UUS) total financing increased by 9.0% YoY to RM6.78 billion mainly led by Global Banking.
- Deposits grew by 33.9% YoY to RM6.68 billion mainly from current accounts and time deposits.
- PBT growth was slightly lower at RM200.36 million from RM202.72 million in FY2017, on internal cost allocation adjustments.

The Digital Bank of Choice

STRATEGIC OBJECTIVE

Maybank aspires to be the Digital Bank of Choice as part of the Group's Maybank²⁰²⁰ strategic objectives. In a rapidly evolving digital environment, our commitment is anchored on preserving robust customer relationships by cultivating trust, relevance and convenience through our offerings. We will accomplish our aspirations by:

- Engaging our customers to obtain direct feedback about our digital platforms, and adapting their needs into future designs in order to ensure what we offer adds value and enhances our customer proposition.
- Learning customer lifestyle patterns to identify opportunities for us to expand our suite of mobile and online banking solutions. The existing Maybank digital ecosystem which has been created internally is designed to deliver a hassle-free, lifestyle enriching experience, and, more often than not, is the first-of-its-kind in the market.
- Collaborating and establishing digital partnerships with fast-moving technology players that actively engage a large and complementary digital customer base. Through these initiatives, we seek to improve our scale and reach, in order to expand our digital ecosystem to a wider network.

STAKEHOLDER EXPECTATIONS



Customers

- User-friendly, convenient and safe online platforms to perform banking transactions.
- Ensure protection of personal data with the bank.
- Stable technology applications and a secure business/system environment.



Investors

- Focused, disciplined execution of digital initiatives that will improve customer experience, yield process optimisation and cost savings for the organisation in the long-run.



Employees

- Seamless work connections that allow for flexible work arrangements.
- Strong cyber security systems and protocols that promote a safe work environment.



Communities

- Continuous awareness creation on cyber phishing and putting in place relevant preventive measures.



Regulators

- Proper adherence and execution of risk controls and mitigations.
- Ensure systems are well maintained and are able to sustain high uptimes.

DIGITAL ACHIEVEMENTS IN 2018



Launched QRPay

A cashless payment solution using QR codes, the first by a bank in Malaysia



Reimagined Maybank2u

A complete change of user interface based on feedback from customers, offering a personalised and simplified online banking experience



Grab Partnership

Formed a strategic partnership with Grab to drive the acceptance and usage of cashless payment



Developed Maybank Trade

A mobile trading app that was developed in-house with enhanced features that make portfolio management easier



Implemented E-CLEVA

A real-time video assisted claims care system for motor and fire insurance, allowing claims to be processed via video calls within 15 minutes



The Digital Bank of Choice

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
<p>Risk: Malicious cyber activities have become more rampant and sophisticated, especially in the financial services industry.</p>	<ul style="list-style-type: none"> Better security awareness and adoption and less resistance to security restriction implementations. Increased frequency of security patches from software publishers adds constraints to operations. Stricter guidance from regulators in implementation of cyber security measures. 		<ul style="list-style-type: none"> Cyber security awareness campaigns both internally and externally. Updating infrastructure design to allow for patch updates without impacting service availability. Collaborating with regulators and subscribing to international feeds that provide insights into global threats and attacks allowing for better understanding and preventative measures to be applied in our environment. Regular cyber war games conducted to enhance response and recovery capabilities.
<p>Opportunity: Wider adoption of digital trends increases customers' acceptance of incorporating banking technology into their daily lives.</p>	<ul style="list-style-type: none"> Better reception of innovative use of technology for banking/payment transactions. Development of applications with a key focus on user experience and functionality. Increased need to implement two-factor authentications to prevent phishing attempts. 		<ul style="list-style-type: none"> Implementation of digital initiatives like QRPay for payments and fund transfers and Straight Through Processing for account opening. New user interface and user experience of Maybank2u. Enhanced biometric authentication on our mobile application Adoption of the Maybank Mobile App in Cambodia and the Philippines.
<p>Opportunity: With the advancement in data analytics and science, banks can create models to offer better services to customers and improve their risk modelling.</p>	<ul style="list-style-type: none"> Higher investment in infrastructure due to increased storage and processing power requirements to run data models. Skillsets required for data analysis and modelling is niche and limited in the region. 		<ul style="list-style-type: none"> Initiated the creation of a universal data lake for Maybank Group to effectively and securely house and mine the vast data within Maybank. Set up an offshore development centre in Bangalore to access resources with the necessary mathematical and computing skills.

KEY FOCUS AREAS FOR 2018

Improving customer experience

A joint initiative between Group Community Financial Services and Group Technology, the new Maybank2u website was developed to provide customers with a single view of their financial holdings with the bank. By reimagining the online banking experience for our customers, we ensured that the website allowed for more intuitive interactions and that customers are able to have a consistent experience across various electronic devices.

We also worked on standardising the user experience and interface of the Maybank Mobile App across the region. With the successful launch and adoption of the Malaysian Maybank Mobile App, the same mobile app was adopted by Maybank Philippines and Maybank Cambodia while the app will be rolled out to Maybank Indonesia and Maybank Singapore soon. Given that the base code for this App was built internally by Group Technology, the ability to adopt this app across our other markets can be executed quickly and efficiently. Additionally, the QRPay feature was included in the mobile app as a convenient payment and transfer method enabling seamless mobile-to-mobile transfers and purchases for Maybank customers. In the fourth quarter of 2018, this feature was further expanded to allow merchants to accept payment via QRPay when customers present their respective QR codes. This was piloted with KFC outlets in the Klang Valley.



Establishing strategic digital partnerships

With technology disruptors focused on creating “sticky” lifestyle propositions based on high-volume daily needs such as ride-hailing and food delivery services, Group Digital focuses on creating close C-level partnerships with these disruptors to ensure Maybank remains the preferred financial services provider for customers in Malaysia. These engagements help us maintain a strong relevance with these disruptors, re-evaluate our offerings and explore collaborative opportunities. The ultimate aim is to ensure that these digital partnerships create better value propositions for our customers using convenient, secure and fast digital platforms.

OUTLOOK & PRIORITIES FOR 2019

The key emphasis for the year is data management and utilisation, which covers how data is managed, mined, analysed and then monetised. The data usage growth has been exponential as we move further into the digital economy. As Maybank works on improving its own in-house data management and utilisation abilities, another area of priority is the governance of data mining activities to ensure that our cyber defence capabilities remain robust. We will prioritise investments in infrastructure and monitoring tools on the back of heightened concerns over cyber crimes in the financial services industry and given added focus on these areas by regulators. As we also anticipate further competition in the retail payment space, we will continue to explore cashless payment modes that are safe, secure and convenient for customers.



KEY DIGITAL MILESTONES IN 2018

Group Community Financial Services

- Introduced our reimagined Maybank2u website which led to active users growing by 17% YoY, to reach 5.24 million customers in 2018. New features include:
 - Goal Savings Plan with a new intuitive digital financial tool to enable our customers to track their savings via an online dashboard while earning interest on top of their savings within the duration specified to achieve their savings goal. Over 21,800 goals were created with total upfront deposits exceeding RM5 million.
 - Credit Card Spending Tracker to provide customers with deeper insights on their spending habits by displaying their expenses in 14 categories including transportation, utilities, food and beverages, telecommunication, entertainment and education.
 - All-in-one Insurance Dashboard for customers to view their Etiqa Takaful Life and General Insurance policies online.
- First bank in Malaysia to introduce a cashless payment solution, QRPay which has already acquired over 200,000 merchants. QRPay offers a quick, secure and new way to accept cashless payments and reduce physical cash holdings. This has contributed to a 43% YoY increase in active mobile users to 2.68 million.
- Launched an Online Loan Application platform for Retail SMEs through M2U and M2U Biz in Malaysia. Now SME customers can apply for a loan at their own convenience.
- Extended our PayNow service to corporates and acquired over 3,100 accounts since its launch in September, as well as partnered Financio to offer PayNow-ready eInvoices in Singapore – featuring a unique and dynamic PayNow QR code with the company's Unique Entity Number (UEN), invoice number, payer name and payment account. This service allows Retail SMEs and Business Banking customers to easily track the payments that they receive.
- Introduced a STP-enabled opening of account with video-conference know-your-customer capabilities in the Philippines. This enabled 4,473 customers to open a savings account and perform banking transactions from the comfort of their homes.
- Introduced Maybank Mobile App for Philippines and Cambodia.
- Enhanced biometric login for Maybank Mobile App (Malaysia and the Philippines) to support Apple's facial recognition system (Face ID) and Touch ID authentication.
- Strategic partnership with Grab to launch GrabPay mobile wallet to accelerate cashless payment adoption across Malaysia.

Group Global Banking

- The Maybank Trade mobile app, developed in-house, was launched in January 2018 for the Malaysian market. Since its launch, we have achieved 90% customer engagement and maintained a recurring user base, with 89% of our total active users using this app as at October 2018.
- For Singapore, we rolled out KE Trade, a smart personalised app notifications based on data-driven insights on clients' profiles and preferences. These notifications allow our clients to make more informed decisions.
- Our sales force in Thailand were empowered with digital tools to increase their productivity and provide better service through the use of data analytics. This resulted in greater efficiency as the sales team offered precise information tailored to each client. Data analysis was also utilised to make product recommendations based on a client's risk appetite and investment goals.

Group Insurance & Takaful

- Launched Etiqa Application Programming Interface to link with various partners including RinggitPlus, Katsana, Maybank2u via web and mobile applications. This provides for an improved seamless customer experience online.
- Introduced an online Integrated Road Tax Renewal function for customers in selected areas in the Klang Valley.
- Introduced E-CLEVA – a real-time step-by-step video assisted claims care system for motor and fire insurance customers. This allows customers to submit their claims via video calls.
- Enhanced straight through processing in the system used by agents and insurance advisors. Now, they can use their iPads to enable their customers to purchase policies and make claims.
- Leveraged data analytics to identify prospects and provide personalised advice and solutions to customers.

Service Delivery

Maybank Group's mission of Humanising Financial Services guides every decision that we make. We believe in the importance of doing the right thing and this underpins our dedication in building sustainable, long-term relationships founded on mutual respect. We remain focused on providing objective and honest advice while launching innovative products and services that meet the needs of our customers. Our commitment to our mission has led us to become among the top brands globally and receive various accolades, which include:

USD4.2 billion brand value Top 500 Global Brand

Awarded by Brand Finance, we are among only eight ASEAN brands named

Brand of the Year World Branding Award

The only Southeast Asian bank to retain this award for five years

The People's Choice Putra Brand Awards 2018

Banking, Investment & Insurance category – Gold Award winner for nine consecutive years

Improving Customer Experience

Our customers are at the forefront of everything that we do. We strive to continuously innovate new products and services to meet their evolving needs and find improved ways to better our service delivery. Our customer experience performance indicators are a testament to our steadfast commitment in improving customer service.

**NPS +22
up 15 points YoY
industry leader**
for three consecutive years

**98% of complaints
resolved
within promised
time frame**
for three years running

Leveraging Technology and Operations for Greater User Experience

In line with our aspiration to become the Digital Bank of Choice, we continuously utilise our technology and operations functions to improve our service delivery capabilities. Group Technology helps the organisation explore, embrace and deploy cutting edge technologies to achieve business outcomes at speed. Group Operations aim to improve the operational throughput and working environment for better service delivery while strictly complying with rules and regulations.

An area of customer service delivery improvement that Maybank has focused on is automation, namely for credit processes, branch operations, remittances and trade services. Our focus has been on digitalising the back office by migrating transactions into e-channels, interfacing the relevant processing systems and implementing technologies such as robotic process automation (RPA) and application integration for identified processes. This is meant to result in higher straight through processing (STP) rates and significantly improve turnaround time for specific processes.

One such initiative undertaken is the implementation of STP for account opening and loan applications, which allows customers to perform banking operations anytime, anywhere without having to step into a branch. The ongoing migration of over-the-counter transactions to online platforms will allow us to maximise the benefits of STP capabilities. Separately, we have implemented ICR/OCR (Intelligent Character Recognition/Optical Character Recognition) capabilities in our trade operations centre resulting in higher STP rates.

In-line with the global banking industry practice in payments mechanism, we have also commenced implementation of SWIFT Global Payments Innovation, which will provide clients with certainty and visibility into each payment transacted. We will further reinforce the plan to increase STP rates for both local and foreign remittance by migrating remittance transactions from branches to our online payments platform.

We have also seen the deployment of RPA to help optimise operational processes. RPA allows for technology to perform repetitive tasks so that our people can focus on more value added activities. While RPA processes have been implemented in Malaysia and Singapore, we will roll out its implementation across the Group.

As technological adoption rises, the risk of cyber threats and frauds becomes event more prevalent. Additionally, customers are increasingly exposed to phishing attempts as banking services become easier to access. Conscious of these risks, we have employed a best-of-breed Security Information and Event Management (SIEM) technology. This allows Maybank to perform continuous real-time monitoring to detect and quickly respond to any internal or external cyber attack. Meanwhile, we have also enhanced our security monitoring by setting up a Regional Security Operations Centre.

We also continue to build our internal capabilities to ensure that we are providing the right service delivery to our customers. To build on data analytics and science that will help us design suitable products and services for customers, Maybank has branched out to Bangalore, India and established an offshore development centre that provides us with better access to digital talents with the necessary data science and modelling skills to address the fast-paced digital banking needs. We have also set up a universal data lake for Maybank Group to effectively house and mine securely the vast data within Maybank.



Group Risk Management

RISK MANAGEMENT OVERVIEW

2018 has seen us continuing to create value and support the Group in meeting its strategic and business objectives. Group Risk provides oversight of risk management on an enterprise-wide level through the establishment of the Group's risk strategies, frameworks and policies, with independent assessments and monitoring of all risks challenges.

In the continuous pursuit to drive effectiveness, we have Centres of Excellence (COEs), which build on specialisation of risk professionals, providing value-added risk insights to support business decision-making. The identified COEs set consistent standards in relation to risk policies, risk reporting, risk modelling and specialises in the management of specific risk areas within the Group.

The key pillars of Group Risk functions are highlighted in Figure 1:

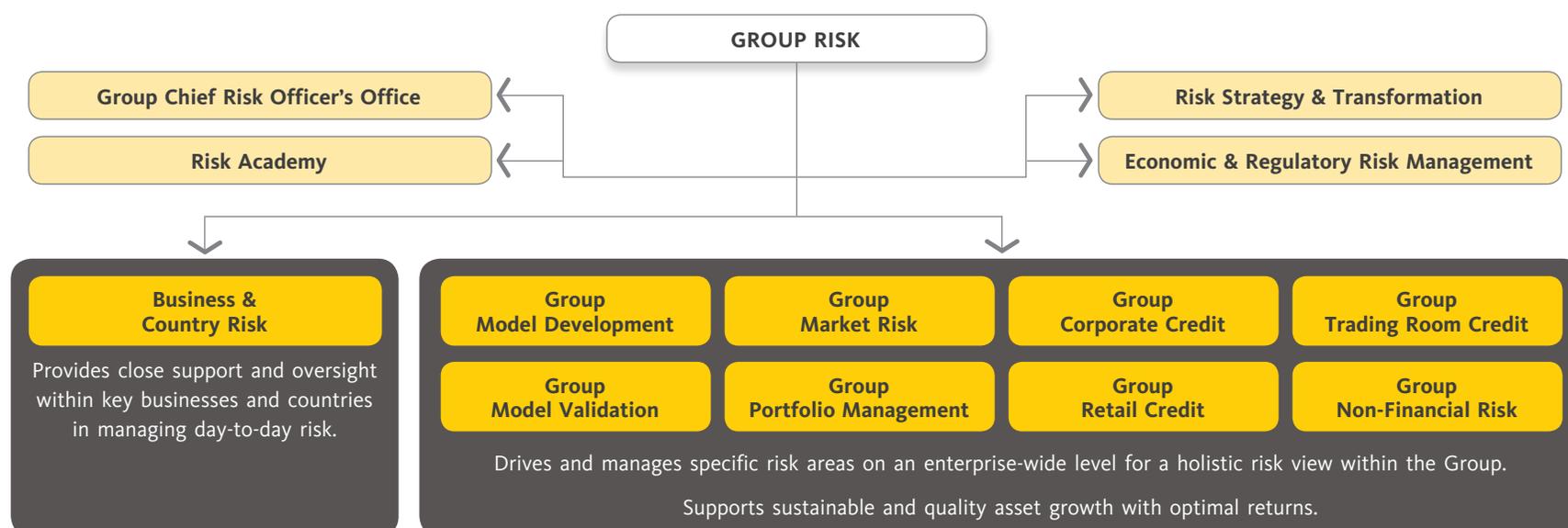


Figure 1: Group Risk Structure

KEY FOCUS AREAS FOR 2018

Risk has evolved due to the changing business landscape and regulatory environment at the back of technological advancements and globalisation. 2018 saw geopolitical and trade-related uncertainties, which contributed to pressure on margins. In light of this, key strategic priorities were established to strengthen our risk resilience and to support the Group's strategic objectives. This is illustrated below:

Strategic Imperatives	Strategic Priorities	Objective	Action Taken & Outcome
 <p>Strengthening Asset Quality Management (AQM)</p>	<ul style="list-style-type: none"> Simplify our credit proposal and strengthen the end-to-end credit process to enable faster, concise and better informed decision-making. 	<ul style="list-style-type: none"> Facilitate a more informed decision-making process. Reduce the turnaround time (TAT) to improve the credit process, specifically in the areas of approval and disbursement. 	<ul style="list-style-type: none"> Utilised multi-disciplined, cross functional teams to strengthen portfolio management practices and enhance credit processes to shorten time-to-decision and time-to-market.
 <p>Model Development Transformation & RWA Optimisation</p>	<ul style="list-style-type: none"> Execute capital model development transformation. Simplification of our Internal Ratings Based Approach processes. Commence development of A-score models. 	<ul style="list-style-type: none"> Reduction in internal model development TAT to quicken the decision-making process. Enable additional RWA savings. 	<ul style="list-style-type: none"> Established an end-to-end gated process to accelerate model development, focusing on scalability and efficiency.
 <p>Balance Sheet Optimisation</p>	<ul style="list-style-type: none"> Enhance Asset Liability Management capabilities. Provide more granular information on risk-returns by business line, product and geography. Derive a holistic view of balance sheet, profit & loss and risk measures. Enhance stress test insights on portfolios. 	<ul style="list-style-type: none"> Facilitate optimal balance sheet returns through efficient utilisation of the Group's assets. Utilise resources based on forward-looking scenarios which considers the business cycles of various industries. 	<ul style="list-style-type: none"> Utilised multi-disciplined, cross functional teams to drive balance sheet optimisation principles and governance processes. Deployed enhanced capital and risk management processes and applications supported by robust stakeholder engagement and transparent communication. Established a Group Portfolio Management team to facilitate active portfolio management based on economic and operating landscape trends.

Group Risk Management

Strategic Imperatives	Strategic Priorities	Objective	Action Taken & Outcome
 <p>Enhanced Operational Risk Management</p>	<ul style="list-style-type: none"> Development of an Integrated Assurance dashboard by audit, compliance and risk. Upskilling non-financial risk practitioners through targeted learning modules (Operational Risk Officers Training). Continuous enhancement on technology, cyber and fraud risk management capabilities. 	<ul style="list-style-type: none"> Effectively manage exposure to operational risk. Enable business value propositions through combined assurance assessments. 	<ul style="list-style-type: none"> Developed and deployed combined assurance mechanisms that allow for a holistic view of risk and controls by business line and sector. Enhanced governance structure and risk capacity to allow for more effective and informed risk management decision-making.
 <p>Future-Proofing/ People Transformation</p>	<ul style="list-style-type: none"> Development of risk professionals who are forward-looking and agile. Development of best-in-class, future-ready leaders who can drive the organisation and possess strong thought leadership. Strengthen the workforce via internal upskilling and/or via external hires for succession planning. 	<ul style="list-style-type: none"> Comprehensive digital and analytical skillsets and learning solutions are essential for the Group's future needs. Develop a strong talent pool, equipped with future-ready, technical and leadership capabilities. 	<ul style="list-style-type: none"> Launch of the Group Risk Academy and learning tools to allow for effective upskilling of essential technical and leadership capabilities. Established and implemented a risk learning management council and risk faculty to facilitate targeted learning and training modules.
 <p>Oversight Enhancement of Overseas Units</p>	<ul style="list-style-type: none"> Enabling Governance Agility by streamlining oversight structures and communication platforms. 	<ul style="list-style-type: none"> Strengthen our communication strategy and communication frequency throughout the Group. 	<ul style="list-style-type: none"> Allows for more informed business and risk related decision-making across the Group.

TOP 10 PRINCIPAL RISKS

The top 10 principal risks the organisation faced in 2018, arising from the operating environment associated with the key macro risk drivers, identified on page 30 are discussed below. We actively manage these risks and ensure a consistent approach for managing the risks across the Group, underpinned by a clear risk appetite, which is aligned with the Group's strategy. The key developments surrounding these risks are explained below:

	How It Affects the Group	Key Developments in 2018
1. Credit Risk	<ul style="list-style-type: none"> Risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms. 	<ul style="list-style-type: none"> Enhanced and tightened credit underwriting standards across the businesses and entities to ensure consistency with credit parameters and processes. Enhanced the credit evaluation criteria and credit approval process to minimise the risk of facilities turning impaired by ensuring that filtering commences at the point of origination, coupled with a more cautious stance towards selected industries which have unfavourable outlook. Enhanced credit risk policies in conjunction with the implementation of MFRS 9. Strengthened the management of accounts with vigilant monitoring, through early detection of vulnerable or potential problem accounts, to prevent deterioration of asset quality. Recognised the importance of promoting long-term sustainable development, especially on environmental, social and governance (ESG) through responsible financing. We have integrated ESG considerations into our credit and risk evaluation process for corporate and institutional borrowers across the Group. Undertook a strategic infrastructure upgrade for proactive management of treasury products. Conducted a review on selected retail loan products to identify opportunities and threats, performed a risk-return analysis and analysed the impact of the MFRS 9 implementation.
2. Market Risk	<ul style="list-style-type: none"> Risk of loss arising from adverse movements in market rates/prices such as interest rates, foreign exchange rates, commodity and equity prices. 	<ul style="list-style-type: none"> Strengthened market risk monitoring and reporting by instituting new limit types to enhance risk management at a more granular level and allow for refined monitoring of basis risks. Continued advancement of an automated risk reporting system and dashboard as an effective monitoring and decision-making tool. Upgraded pricing and risk valuation system for treasury structured products. Reviewed and updated Group Market risk policies and limits for both trading and non-trading books.
3. Liquidity Risk	<ul style="list-style-type: none"> Risk of adverse impact to the financial condition or the overall safety and soundness of the Group that could arise from the inability (or perceived inability) or unexpected higher cost to meet its obligations. 	<ul style="list-style-type: none"> Preparation to meet the full Liquidity Coverage Ratio (LCR) standards for qualifying term deposits with the transition arrangements ending on 31 December 2018. Ongoing management of Net Stable Funding Ratio (NSFR) based on the parameters set in the Basel III NSFR rule although BNM has extended the observation period for reporting to 31 December 2019. Management of wholesale funding at the overseas centres to reduce an over-reliance on intergroup funding and wholesale market.



	How It Affects the Group	Key Developments in 2018
4. Non-Financial Risk	<ul style="list-style-type: none"> Risk of loss arising from operational events and/or external factors that could result in monetary losses or negative impact on our brand value and/or our stakeholder's perception towards the Group. It comprises operational, information and reputational risk as well as other downside risks i.e. the "known unknowns". 	<ul style="list-style-type: none"> Enhanced non-financial risk policies to reflect improvements in the governance model and updated the roles and responsibilities, processes to facilitate identification, assessment and measurement, control, monitoring and reporting of non-financial risks. Continuous process improvement in product development that focuses on our customers' long-term best interest. Transform and digitise learning for continuous upskilling and consistency across the Group. Continuous collaboration between the three lines of defence (more on page 67) with the aim of safeguarding the Group's information assets, data protection measures, enhancing the risk and control metrics and compliance to related regulatory requirements. Strengthened operational controls, fraud prevention and application of consequence management.
5. Information Technology (IT) Risk	<ul style="list-style-type: none"> Risk which impacts confidentiality, availability and integrity of information and services related to information technology that could lead to financial losses, disruption and reputational risk to the Group. 	<ul style="list-style-type: none"> Continuous cyber awareness campaigns and assessment of internal readiness based on our Cyber Risk Management guidelines. Performed cyber risk assessment on our outsourced service providers to ensure they comply with our security requirements. Continuous upgrades to our IT infrastructure to minimise risk of disruptions and to mitigate risk at any single point of failure. Rigorous software development life cycle and enforcement of change management. Established a cyber defence roadmap focusing on technology capabilities. Continuous review and assessment in IT operations to ensure it complies with regulatory requirements.
6. Regulatory Risk	<ul style="list-style-type: none"> Changing regulations that could adversely impact the Group's competitive position and capacity to conduct business efficiently. 	<ul style="list-style-type: none"> Continuous engagement with regulatory authorities. Strengthened existing policies, processes and controls in preparation of meeting new and upcoming regulations. Continuous efforts to improve compliance and awareness culture to meet the applicable laws, regulations, and supervisory expectations.
7. Enterprise Risk	<ul style="list-style-type: none"> Risk of loss to the Group arising from business/strategic, industry, reputational, corporate governance, sustainability and data quality risk. 	<ul style="list-style-type: none"> Enhanced current Enterprise Risk Report with forward-looking risk analytics and insightful information to promote strategic discussion and actions at the Management and Board Level Risk Committees. Conducted stress test covering, among others, global economic turmoil and impact on liquidity risk due to cyber attacks, which also serve as a forward-looking risk and capital management tool in determining capital adequacy and capital buffers. Enhanced our reputational risk policy reflecting updated roles and responsibilities as well as streamlining process to facilitate identification, assessment and measurement, control, monitoring and reporting of reputational risks. Real-time monitoring of social media facilitates timely escalation and further minimising our risk exposure. Launched targeted programmes for talent upskilling to remain relevant.
8. Model Risk	<ul style="list-style-type: none"> Risk of a model not performing the tasks or capturing the risks it was designed for. 	<ul style="list-style-type: none"> Ongoing review, maintenance and enhancements of risk models and tools. Adopted new methodologies to enhance the risk-ranking ability of the models.
9. Financial Risk	<ul style="list-style-type: none"> Risk of not meeting regulatory minimum capital requirements and inability to maintain a sustainable level of profitability. 	<ul style="list-style-type: none"> Implemented various initiatives including Risk Weighted Assets (RWA) optimisation to improve shareholders value and increase capital awareness across the Group. The Group focused on improving revenue drivers, both Net Interest Margin (NIM) and fee income streams; managing asset quality and maintaining disciplined cost management across key markets and segments.
10. Insurance Risk	<ul style="list-style-type: none"> Risk of loss or adverse change in the value of underwritten insurance liabilities, due to change in claims experience and the underlying assumptions on which pricing and claims estimations have been made. 	<ul style="list-style-type: none"> Focused on the implementation of regulatory driven projects such as Motor & Fire de-tariffication and New Life Framework. Implemented MFRS 9 in relation to investment strategies. Development of Stochastic Strategic Asset Allocation model. Conducted stress testing for certain tail events. Enhancement of Operational Risk Management Culture across the three lines of defence by strengthening of controls including but not limited to cyber security control, process automation and incident management reporting.



Group Risk Management

Risk Management Framework

The Group's risk management approach is underpinned by a sound and robust Integrated Risk Management Framework (Framework), which is constantly enhanced to remain relevant and resilient ahead of the versatile global risk landscape and changes in regulatory requirements, and leading practices in ensuring effective management of risk. The overall structure of the Framework is highlighted in Figure 2:

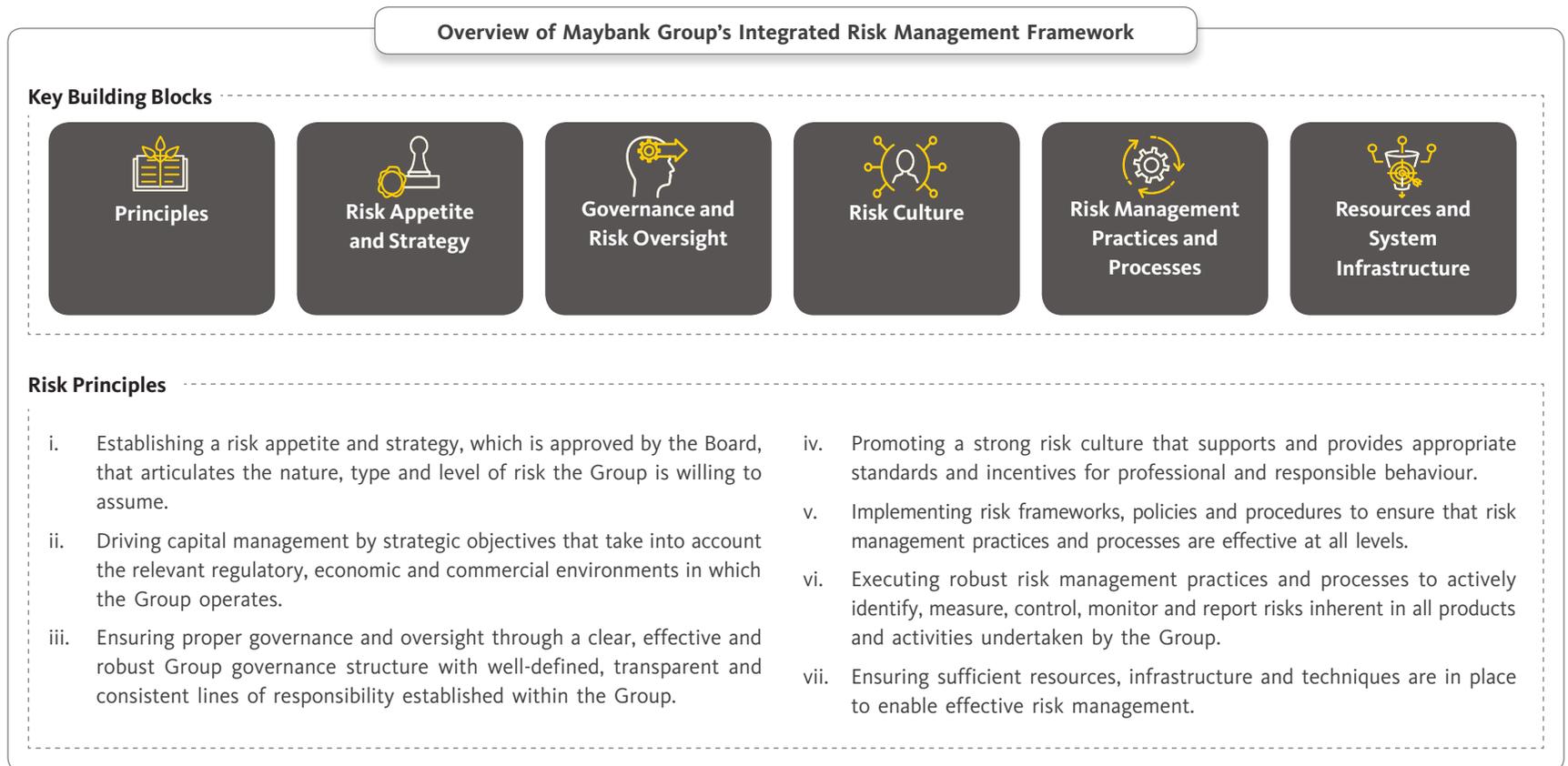


Figure 2: Maybank Group's Integrated Risk Management Framework

Risk Appetite

The Group's risk appetite is an integral component of the Group's robust risk management framework and is driven by top-down Board leadership and bottom-up involvement of management at all levels.

The risk appetite is structured based on the general principles shown in Figure 3. Guided by these principles, our risk appetite is articulated through a set of Risk Appetite Statements for all material risks across the Group to ultimately balance the strategic objectives of the Group. Further information on risk appetite can be found in the Basel II Pillar 3 Disclosure on page 15 which is available on www.maybank.com



Figure 3: Principles of Risk Appetite



Risk Governance

The governance model adopted in the Group provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and senior management in the risk management process to ensure a uniform view of risk across the Group.

Our governance model places accountability and ownership, in ensuring an appropriate level of independence and segregation of duties between three lines of defence. The management of risk broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business lines, control and reporting functions. The Group's overall risk governance structure is illustrated in Figure 4:

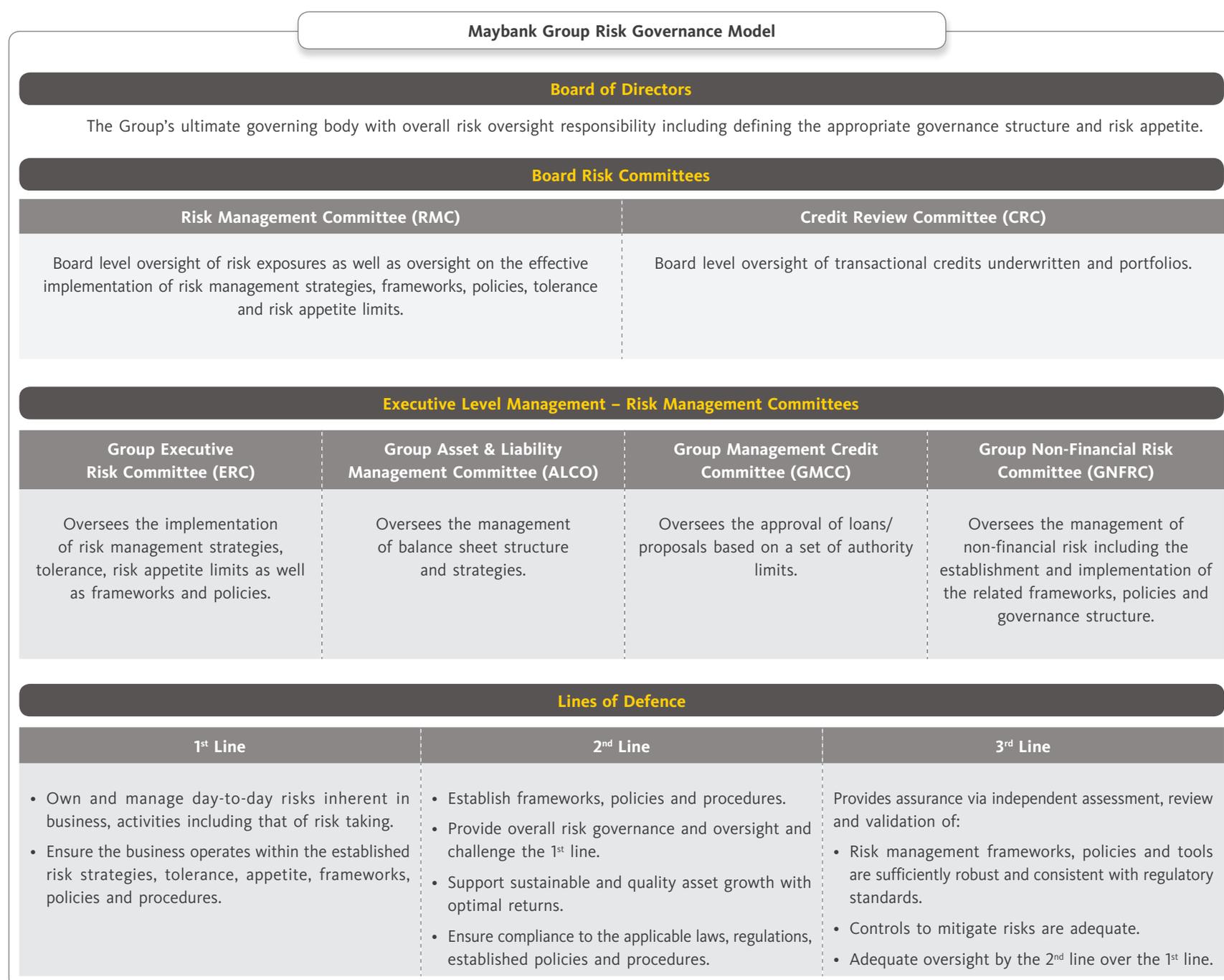


Figure 4: Maybank Group Risk Governance Structure



Group Risk Management

Risk Culture

A strong risk culture is a fundamental tenet of risk management and serves as the foundation upon which a robust enterprise wide risk management structure and governance is built.

The Group's risk culture is driven by a strong tone from the top and strengthened by the tone from the middle to ingrain the expected values and principles of conduct that shape the behaviour, belief and emotional dimensions of employees at all levels of business across the Group.

We are committed in our journey to continuously embed a positive risk attitude into the core of the organisation, people, processes and tools. We introduced an integrated assurance platform, known as the Controls – Information System for Integrated Governance and Hotspots Tracking (C-InSIGHT), which provide a single and collective view of all risk controls, compliance and governance. This ensures risk considerations are embraced by all employees.

Stress Testing

The Group's stress testing programme is embedded within risk and capital management process and also is a key function of the business planning process. It serves as a forward looking tool to facilitate the understanding of the risk profile under extreme but plausible events that may be contributed by various factors such as economic, political and environmental and ascertain the impact to the Group and how this can be proactively managed.

During the financial year, we conducted a number of stress tests arising from the challenges in the domestic and regional operating landscape to assess our ability to withstand prevailing and emerging risks. Some of these stress tests include the impact of a trade war on the economy and tightening of monetary policies by major Central Banks. Further information on stress tests that were conducted can be found in the Basel II Pillar 3 Disclosure on page 14 which is available on www.maybank.com

Responsible Lending

Our long-term financial success depends upon our ability to identify and address environmental, social and governance issues that present risks to, or opportunities for our business. With this, we remain steadfast in working with the businesses to drive efforts on responsible lending through a continuous review and enhancement of the ESG policy for the Group. Details of the ESG policy can be found in the Sustainability Statement on page 113 and the Sustainability Report which is available on www.maybankfoundation.com

PRIORITIES FOR 2019

In response to the potential risks and challenges discussed on page 30, the strategic imperatives for 2019 are as follows:

Strategic Imperatives	Strategic Priorities	Why Is It A Strategic Priority	Key Focus Areas
Enable Active Portfolio Management	<ul style="list-style-type: none"> Enhance house view on economic trends and industry outlook. Strengthening risk-return analytics. Develop more robust stress testing tools. 	<ul style="list-style-type: none"> Allows for timely reshaping of Group's portfolios. Enables quicker and more informed business decision-making. 	<ul style="list-style-type: none"> Strengthen analysis on industries and economic headwinds. Enable decision-making based on the outcome of our portfolio stress test.
Develop Integrated Assurance, Analytics & Insights	<ul style="list-style-type: none"> Develop control and assurance insights. Enhance analytical tools and models. 	<ul style="list-style-type: none"> Allows for an integrated view of assurance concerns. Enables identification of areas that require control enhancements. 	<ul style="list-style-type: none"> Identification of non-financial risks and appropriate risk management mechanisms.
Enhance Governance Agility	<ul style="list-style-type: none"> Streamline governance structures. 	<ul style="list-style-type: none"> Allows for faster decision-making. Enables greater focus on strategic imperatives. 	<ul style="list-style-type: none"> Effectiveness and efficiency of risk governance structures. Review all risk management decision-making processes.
Future Risk Capacity Building	<ul style="list-style-type: none"> Enhance and strengthen technical and leadership capabilities within Group Risk. 	<ul style="list-style-type: none"> An evolving economic and operating landscape requires agile risk professionals that can adapt to the changing requirements in risk management. 	<ul style="list-style-type: none"> Technical, analytical and digital risk management skillsets. Developing agile leaders that are capable of adapting and responding to rapid change.



Group Compliance

STRATEGIC OBJECTIVE

Group Compliance is committed to:



Build the necessary capacity and infrastructure to comply with evolving regulatory requirements.



Promote a strong compliance culture that inculcates a sense of responsibility in all our staff so they comply with laws, rules and regulations and minimise regulatory risk across the business.

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
Risk: Increased regulatory focus on compliance, culture and conduct.	Employee misconduct could adversely impact the Group's profitability and reputation, or lead to regulatory censure.		Ongoing initiatives to foster a culture of regulatory compliance and instil a sense of responsibility to mitigate the risk of non-compliance among Maybankers.
Risk: Rapid evolution of regulatory and supervisory requirements arising from digital disruption to the financial services industry.	Untimely enhancements could impact the Bank's competitive position and capacity to conduct business efficiently. Future-proofing of business processes and systems to enhance operational effectiveness and ensure long-term sustainability.		Timely enhancements to our system and processes to ensure we constantly comply with regulatory and industry requirements.
Risk: Emerging challenges in financial crime compliance (prevention) due to fast pace changes in technology, product innovation and criminal threats.	Financial regulators' standards on financial crime prevention remains high around the world, resulting in more stringent rules, increased scrutiny and higher expectations.		Developing solutions and enhancements to better identify, deter and combat financial crime, which is a critical area for the Bank.

KEY FOCUS AREAS FOR 2018



Further strengthen and institutionalise compliance culture among Maybankers

We undertook initiatives to provide timely updates on new regulatory developments. This ensures that every Maybanker constantly complies with regulations and galvanises them into business as usual activities and responsibilities. These initiatives include:

- The management team of Group Compliance visiting and responding to queries on compliance from employees of bank branches across Malaysia.
- Organising sharing and coaching sessions on critical compliance areas at branches identified with high risk of non-compliance.
- Collaboration with Group Human Capital to roll-out a series of refreshers on Maybank Group's Code of Ethics and Conduct and key regulations.
- Undertaking a compliance culture assessment to measure the level of compliance awareness among Maybankers and to identify areas of improvement.



Transform compliance approaches and systems

We deployed compliance enabler tools for workflow automation and an electronic platform to share information among our compliance departments. This enables us to cascade real-time updates and compliance-related information as well as to minimise errors arising from manual inputs. We also reviewed critical compliance areas, particularly in financial crime compliance (FCC), foreign exchange administration (FEA) rules and global market regulations to identify gaps in the existing operating model/framework and develop the appropriate solutions.



Strengthening Financial Crime Compliance (FCC)

We have increased manpower of the FCC operations team to 82 in 2018 from 67 in 2017. To support the Government's Skim Latihan 1Malaysia (SL1M) training scheme, Group FCC team trained 32 graduate trainees; 16 of them were eventually hired by Group FCC. We have also added additional functions such as the transaction monitoring alert investigation for Labuan and Hong Kong and have established customer due diligence centres in Butterworth and Johor Bahru to centralise the function across the CFS branch network.

OUTLOOK & PRIORITIES FOR 2019

Bank Negara Malaysia has called upon financial institutions to play a more active role in combating financial crime and in addressing emerging risks caused by rapid technological advancements. With this aim, we look to build a proactive and future-proof compliance culture across Maybank by:

- Continuously enhancing the capabilities and capacities of FCC, particularly by improving customer screening, combating the financing of terrorism (AML/CFT) and processes that prevent money laundering.
- Ongoing efforts to inculcate and strengthen the compliance culture in Maybank.
- Continued use of technology to automate workflows and improve compliance management and monitoring.

Group Human Capital

STRATEGIC OBJECTIVE

Group Human Capital (GHC) aspires to “Develop World Class Talent to Deliver World Class Results” by leveraging on six human capital transformation goals:

 Build superior leadership and talent pipelines	 Attain world class productivity levels	 Create global ethical mindsets	 Build a tech savvy workforce that is creative, nimble and agile	 Develop thought leaders in financial services	 Create a caring, meaningful and exciting work environment
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We create sustainable value through our Talent Management Strategy that focuses on attracting, developing and retaining the right talent. Our talent are equipped with the right skills and receive upskilling programmes that enable them to perform effectively in their roles and deliver on the Group’s strategic priorities as well as our mission of Humanising Financial Services.

In 2018, Maybank’s Talent Management Strategy focused on preparing our talent to be FutureReady for superior performance. It comprises three key thrusts: Workforce Futurisation, Workplace Futurisation and FutureReady Infrastructure.



TOP ACHIEVEMENTS IN 2018

 Income per employee and profit before tax per employee increased to RM547,756 and RM252,703 respectively	 First bank in Malaysia to embark on a massive digital upskilling programme for all employees	 Recognised as the Best Malaysian Organisation and awarded the CEO Champion for Malaysian Organisation at the LIFE AT WORK Awards 2018	 Voted the most popular employer and ranked first in the Banking and Financial Services sector for eight consecutive years in the Malaysia’s 100 Leading Graduate Employers Survey, making us the first and only financial services organisation to be acknowledged as No. 1 in both categories since the awards’ inception	 Voted the Top Employer in the Graduates’ Choice Award and honoured as the Grand Winner at the HR Excellence Awards 2018 (Malaysia), sweeping eight Gold Awards
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MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
Risk: Rapid evolution of technology in the finance and banking sector, resulting in job-specific skills obsolescence.	Our talent must be equipped with the right capabilities to deliver and meet our customers’ evolving needs.		<ul style="list-style-type: none"> • Rolled out FutureReady Digital Upskilling Programme and Agility@Work initiative. • Strengthened current learning and development programmes by including digital skillsets and provided employees with relevant skillsets that will enable them to operate in an environment that is highly influenced by digital enablers.
Risk: Lack of suitable talent to grow and lead in the industry, and achieve world class productivity levels.	Potentially high talent acquisition costs due to stiff competition for skilled talent.		<ul style="list-style-type: none"> • Adapted to industry-level workplace competence by providing employees with impactful training and development programmes that included: <ul style="list-style-type: none"> – Setting up the Wealth Management Academy – Launching the Risk Academy – Strengthening leadership and mentoring programmes • Formalised a Mandatory Job Rotation Policy to empower employees to enhance their career developments and explore their varied interests.
Opportunity: Build stronger employee engagement where employees feel proud to be associated with an organisation that positively impacts communities.	Aligned with our humanising mission and the Group’s efforts to support and address issues faced by the underserved communities.		<ul style="list-style-type: none"> • Our approach involves giving back to communities through long-term partnerships and voluntary efforts anchored on Maybank’s Six Corporate Responsibility Focus Areas: education, community empowerment, arts & culture, healthy living, environmental diversity and disaster relief.
Risk: Fail to retain a workforce/ talent by not embracing flexible work arrangements or supporting their needs.	Loss in productivity and cost efficiencies.		<ul style="list-style-type: none"> • Continued creating a caring, inclusive, progressive, meaningful and exciting work environment that promotes health, wellness and the safety of employees. • Provided holistic work-life balance programmes via the GO Ahead. Take Charge! (TC) platform that gives employees the flexibility to take charge of their career through four pillars: Reskill & Redeploy, Flex In, Flex Out and Entrepreneur. • Sustained year-long wellness activities to cultivate and nurture wellness.

KEY FOCUS AREAS FOR 2018

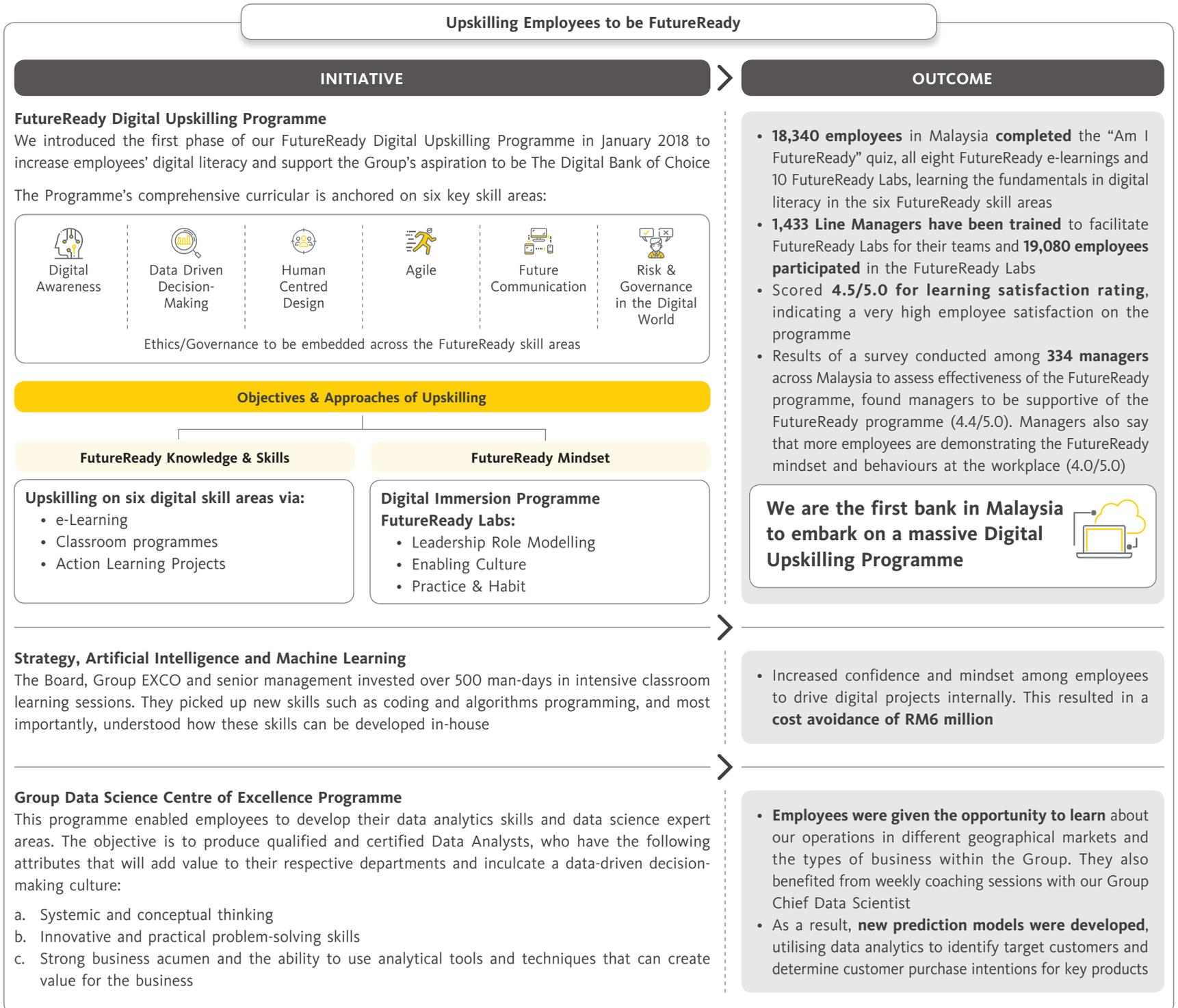
We are at the centre of a digital revolution, perhaps a significant breakthrough, that will fundamentally change the way we live, work and relate to one another. Disruptive innovations will continue to reshape the way financial services are defined, delivered and accessed. Therefore, it is imperative that our employees are agile and nimble in order to stay competent and relevant.

In 2018, we continued to create an enabling, meaningful and exciting work environment as we embarked on various changes and transformations to realise our aspirations of becoming The Digital Bank of Choice. We also created the right climate for our employees to work and engage in this Industry 4.0 world.

Key Thrust 1 – Workforce Futurisation

We continuously invest in our employees and grow them via a multitude of flexible and customisable learning and development programmes. This is part of our strong learning culture where emphasis is given on increasing the capabilities of our workforce to build agility, significantly enhance productivity and accelerate impact delivery. This ensures that Maybank remains relevant and is able to keep growing sustainably.

 <p>Learning and development spend</p> <p>RM131 million</p> <p>2017: RM124 million</p>	 <p>Employee participation in training</p> <p>41,544 employees</p> <p>2017: 36,268</p>	 <p>Average training hours per employee</p> <p>55.60 hours</p> <p>2017: 49.84</p>
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Group Human Capital

Upskilling Employees to be FutureReady (cont'd.)

INITIATIVE

Computational Thinking Challenge

The Challenge was launched to inculcate a digital mindset and embed digital thinking for everything that we do. It required employees to complete online modules on “How to Code” and subsequently complete an assessment on computational thinking. The thinking process and approach sharpened participants’ analytical and predictive skills as computational thinking involves interpreting a problem in a way that a computer does and solving problems in the fastest way possible using the least amount of resources

Agility@Work

This initiative is made up of five different approaches: The Why Method, Ideas, Idea Canvas, Daily Scrum and Ask Your Customer that can be applied in BAU and projects; introducing alternative ways of working to encourage employees to be agile and respond to changes quickly

OUTCOME

- **233 employees** across Malaysia **participated** in both Round 1 and Round 2 of this Challenge, with a passing rate of 80%
- Average age of **participants is 35 years old** with approximately **9+ years of service**; indicating that our more experienced/senior employees are keen to upskill themselves

- **182 employees received training** on Agility approaches and they **have applied** these approaches in 20 different initiatives across departments to drive change through technology, creativity and innovation
- **30 advocates** from various departments **have been trained** to drive the approaches within their departments

Global Thought Leadership

INITIATIVE

Leadership and Development Programmes

We continued our leadership interventions and skill-building programmes through our key signature leadership and development programmes such as Transitioning Leaders to CEOs (TLC), Global Institute for Leadership Development (GILD) Asia, Advancing Women Leaders Programme (AWLP), The Guru Series and Maybank GO Ahead. Challenge (MGAC)

TLC

High-potential middle managers were exposed to world-renowned thought leaders via a customised executive education programme. They were also mentored by our Group EXCO to address strategic business challenges

GILD

Besides undergoing Linkage’s High Impact Leadership Model that revolves around leadership competencies, our top leaders were also given an opportunity to engage with external leaders like Alan Webber from the Harvard Business Review, Neo Boon Siong from Nanyang Technological University (NTU) and many more

AWLP

Participants benefited with hands-on experience that equipped, enabled and empowered them to grow personally and address their leadership challenges

MGAC

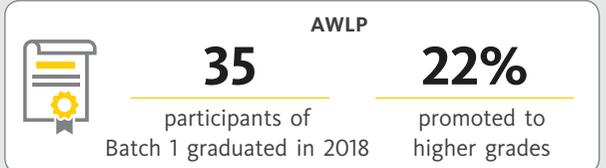
MGAC was developed to empower the region’s human capital growth, by creating world-class future business leaders and competent financial experts in the region. Themed #YourFutureYourCall, MGAC 2018 provided a series of thought-provoking and intense case challenge scenarios

We also continued to offer specialised/structured development programmes for fresh graduates in order to retain high potential talent and nurture them into eventually assuming key positions within the Group

OUTCOME



GILD
145 participants in 2018
 These engagements with global external leaders have enabled our top leaders to experience different leadership styles and learn about different learning perspectives that can be applied to real-life challenges



Global Thought Leadership (cont'd.)

INITIATIVE

OUTCOME

Women in Leadership

We encourage and empower women leaders to accelerate their development, enhance performance and balance the demands of their careers and personal lives

Women in leadership have also contributed in identifying issues and initiating efforts to create a more inclusive work environment, and by integrating diversity with Maybank's Core Values. This fosters an equitable work environment as well as a peak performing culture for women to learn, earn, thrive and empower themselves and others

We monitored the transformation of our people via the Human Capital Dashboard which was introduced in 2009. The key indicators are as follows:

Women Representation			
Board of Directors	Top Management	Senior Management	Management
36%	32%	38%	46%

Maybank Risk Academy

Maybank Risk Academy was set up in collaboration with our in-house Group Risk department to build internal risk expertise to equip the organisation with FutureReady, agile and risk-aware professionals who are capable of addressing global uncertainties in a forward-looking and proactive manner

It is also aimed at realising the full potential of our Risk talent and ensure they have the requisite skills and recognised accreditation to address emerging risks in a fast-moving marketplace

Learning effectiveness measures were put in place to check the quality of programme contents and effectiveness of facilitators

- Risk professionals can **upskill themselves** through structured technical training programmes, undergo recognised professional accreditations for continued professional development and be part of the pool for Group Risk's succession planning
- In three programmes rolled out in 2018 and conducted by internal Risk Specialists, average programme and facilitator **effectiveness ratings were at 4.3/5.0**

Maybank Wealth Management Academy (WMA)

We established the WMA at a regional level to focus on the competency and continuous education of our wealth managers and enable them towards developing mastery in wealth & asset management

Its establishment supports the Group Wealth Management's aspiration to achieve an ambitious double-digit growth in overall profits, and be amongst the Top 20 Wealth Management Players in Asia-Pacific

It is also aimed at reinforcing our commitment to provide high-level service and exceed our clients' expectations of our wealth management expertise

- Participants **benefited from the Wealth Planner's toolbox**, learnt advanced skills for building relationship with clients and how to develop wealth planning strategies for High Net Worth (HNW) clients
- They also picked up **practical skills and knowledge** on investment terms, wealth management products, trust and other concepts that can be applied at the workplace to stay competitive and relevant



Nora Abd Manaf, Maybank Group Chief Human Capital Officer and Foo Mee Har, Chief Executive Officer of Wealth Management Institute exchanging their signed partnership agreement to establish the Maybank Wealth Management Academy

Maybank is the first Malaysian bank to partner with Wealth Management Institute (WMI) of Nanyang Technological University Singapore (NTU Singapore) to roll out a regional curriculum of such scale

Our continued efforts to recruit the right talent and develop our employees with world-class best practices continue to show encouraging results. At the end of 2018, the Bank recorded:



In 2018, we were also recognised externally for our excellence in attracting, recruiting and developing the best talent regionally. Please refer to page 118 for key awards and recognition received in 2018.



Recognitions and awards we have received are testament of Maybank's commitment in setting the benchmark and employing best-in-class global HR practices

Group Human Capital

Key Thrust 2 – Workplace Futurisation

While continuously upskilling our employees to be FutureReady, we are also committed to create a future-ready ecosystem, and a platform to enable our employees to perform efficiently and deliver world-class results. Offering a flexible day-to-day working experience while maintaining the highest level of governance ensures that we can cater to the diverse needs of our employees and the business. Futurisation of our workplace puts physical and mental wellness of our employees at the forefront of all our initiatives. This approach mirrors Maybank’s humanising mission.

INITIATIVE

Time Out

Employees and line managers are encouraged to have real-time feedback when needed to deliver impactful outcomes individually and collectively as a winning team

It also enables employees to create a meaningful work environment as immediate actions for improvement can be agreed upon, implemented and tracked for the next performance conversations

This initiative supports Workplace Futurisation as in IR4.0, performance management is done immediately for learning and prompt improvement

Strategic Engagements

We have regular, active engagements with various external stakeholders, e.g. employer associations, think tanks and formal networking groups to create an ecosystem that is enabling for all to thrive in. This is reflective of the 4.0 economy

We also partner with various student bodies to promote better industrial collaboration and the exchange of best practices between universities and employers

Cultivating Wellness

We have put in place a holistic wellness strategy that encourages a self-leadership approach. This asks employees to take charge of their own well-being with support from peers, line managers and top management

Employees were encouraged to spend at least one day every month to invest in their own well-being according to the monthly theme, for example Eat Healthy April, Be Positive June and Outdoor July

We also rolled out initiatives that encouraged employees to live healthy. Some of our key initiatives included Keep Fit Challenge, FIT Tigers Day and Healthy Eating

Responsible Corporate Citizen

Since 2006, our Cahaya Kasih (CK) employee volunteerism programme empowers our employees to make a difference in the lives of the communities where Maybank has a presence, and build long-term relationships with them. Every year on Global CR Day, our employees showcase their year-long CK initiatives in line with our Humanising mission to be at the heart of the community

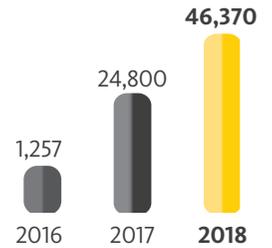
Employee volunteerism also brings different teams of employees together, exposing them to new experiences and perspectives. This supports their personal and career development as well as boosts their sense of well-being

The CK initiative is also part of our strategy to create the Employer of Choice experience for our employees who can take pride in the organisation that they work for – a humanising corporate that cares for society

OUTCOME



Significant increase in Conversation Log usage from **1,257** logs in 2016 when it first started to **24,800** in 2017 and **46,370** in 2018



- Able to contribute thought leadership in shaping micro and macro policies responsibly and collectively by identifying and sharing new ideas to support sustainable economic growth

Maybank was recognised as the most popular employer and ranked first in the Banking and Financial Services sector for eight consecutive years in the Malaysia’s 100 Leading Graduate Employers survey



- Employees were empowered to take charge of their health through our wide range of fitness classes and sporting activities that promote healthy living at work
- Recorded over **74,000 participation** rate in various fitness and wellness interventions conducted across the Group

Maybank won the Gold Award in the Excellence in Corporate Wellness category at the HR Excellence Awards 2018. This is a testament to our commitment to promote a healthier lifestyle for our employees



- In the ninth Global CR Day held on 22 September 2018, our employees invested time and effort to be agents of change by volunteering in various initiatives in our adopted causes across communities

a total of 23,193 employees across **14 countries** volunteering in **110 initiatives**

- Through these initiatives, from supporting autistic youths in earning an income in Malaysia, raising funds for marginalised communities in Singapore to inculcating financial literacy among children in Cambodia and many more, we had the opportunity to gain first-hand insights into the challenges they face, so that we are able to help them build resilience and thrive in a sustainable manner



Key Thrust 3 – FutureReady Infrastructure

The policies, processes and systems within the organisation are constantly evolving to accommodate the needs of our employees and ensure they are supported with the right infrastructure. Continuous introduction of breakthrough policies as well as reenergisation of existing policies will help the organisation stay current in an ever-changing environment, while continuous investments in our systems with the latest technology, will enable leaner and more straight-through processes. All these infrastructures will help our employees to perform, drive and deliver exponential business results responsibly, and achieve the Bank's vision.

INITIATIVE



GO Ahead. Take Charge!

This is a platform that helps employees adapt and be agile in a changing digital workplace where the physical location and boundaries are no longer hindrances to effective communication, collaboration and productivity

With this platform, the Bank continues to provide opportunities while considering the experience and needs of our employees. This is reflective of our promise to humanise people management and development for increased productivity

OUTCOME

We continued to increase employee productivity as evidenced by:

- Income per employee increased from RM537,637 in 2017 to RM547,756 in 2018
- Profit before tax per employee increased from RM233,330 in 2017 to RM252,703 in 2018

2,447 took Childcare Leave	476 on Flexible Work Arrangement	303 took Extended Maternity Leave	227 took Sabbatical Leave
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DIGITAL INITIATIVES IN 2018

- Launched FutureReady Digital Upskilling Programme to increase employees' digital literacy and equip ourselves with capabilities to remain relevant in the industry
- From a Human Capital perspective, all our initiatives, programmes and interventions are premised on three key thrusts namely Workforce Futurisation, Workplace Futurisation and FutureReady Infrastructure. These performance-enablers are designed to help employees adapt and be agile in the changing digital workplace environment, and are critical to sustaining business growth
- Launched Maybank Jobs portal, a talent recruitment portal that allows us to attract talent and maintain our recruitment database at group level. At the end of December 2018, we had over 11,000 registered users

OUTLOOK & PRIORITIES FOR 2019

GHC will remain as the catalyst that drives transformation, higher performance and productivity, as well as institutionalises new and right ways of working. We will continue to further upskill employees so they can keep up with the digital shift, and advance talent for significantly higher business performance.

We will also continue to enable exponential outcomes delivered by our thoughtful talent via our Six Strategic Imperatives, to achieve GHC's transformation goals and support the Bank's mission of Humanising Financial Services.



Digital Age
Leaders



Exponential
Productivity
Enhancement



Workforce
Futuring



Workplace
Futuring



Unleashing Power
of People Data



Workplace Health
& Well-being

Six Strategic Imperatives



Remuneration

At Maybank, our total rewards philosophy goes beyond tangible rewards. We embrace an integrated rewards strategy that focuses on the right remuneration, benefits and career development as well as progression opportunities at the right time for our employees' personal and professional aspirations. It involves a holistic integration of total rewards' key elements that are aligned to the Maybank Group strategy, Maybank Group Human Capital strategy, culture and T.I.G.E.R. values, all critical to sustain employee engagement levels, productivity and business growth.

Our remuneration policy is approved by the Board and is monitored and reviewed periodically. It reinforces a high performance culture to attract, motivate and retain talent through market competitiveness and differentiated pay.

Maybank Group rewards' principles are delivered holistically via the Group's Total Rewards Framework which includes base pay, other fixed cash, performance-based variable cash, long-term incentive awards, benefits and development.

Key Elements	Purpose
 <p>Fixed Pay</p>	<ul style="list-style-type: none"> Attract and retain talent by providing competitive pay that is externally benchmarked against relevant peers and location, and internally aligned with consideration of differences in individual performance and achievements, skillsets, job scope as well as competency level.
 <p>Variable Pay</p>	<p>Variable Bonus</p> <ul style="list-style-type: none"> Reinforce a pay-for-performance culture and adherence to Maybank Group's T.I.G.E.R. Core Values Variable cash award design that is aligned with the long-term performance goals of the Group through our deferral and claw-back policies Based on overall Group Performance, Business/Corporate Function and individual performance Performance is measured via the Balanced Scorecard approach Deferral Policy: Any Variable Bonus Awards in excess of certain thresholds will be deferred over a period of time <p>Long-term Incentive Award</p> <ul style="list-style-type: none"> The Long-term Incentive Award is offered within the suite of Total Rewards for eligible Talents and senior management who have a direct line of sight in driving, leading and executing the Maybank Group's business strategies and objectives. <p>Clawback Provision</p> <ul style="list-style-type: none"> The Maybank Board, based on risk management issues, financial misstatement, fraud and gross negligence or wilful misconduct, has the discretion to make potential adjustment or clawback on Variable Bonus and Long-term Incentive Awards.
 <p>Benefits</p>	<ul style="list-style-type: none"> Provides employees with financial protection, access to health care, paid time-off, staff loans at preferential rates, programmes to support work/life balance, etc. for our diverse workforce. The benefits programmes which blend all elements including cost optimisation and employee/job needs, are reviewed regularly with proactive actions taken to remain competitive in the increasingly dynamic business landscape and continuously enrich our employees, as part of our total rewards strategy.
 <p>Development and Career Opportunities</p>	<ul style="list-style-type: none"> Continue to invest in the personal and professional growth of our employees. Opportunities provided to employees to chart their careers across different businesses and geographies.

Total Compensation ensures that employees are paid equitably to the market, delivered via cash and shares/share-linked instruments, where applicable. The mix of cash and shares/share-linked instruments is aligned to our long-term value creation and time horizon of risks with targeted mix ratio.

The target positioning of Base Pay is mid-market while target positioning for Total Compensation for a performer is to be within the Upper Range of market. Target positioning for benefits is mid-market. In certain markets/geographies, there may be exceptions for selected benefits with above mid-market positioning for strategic purposes. As Maybank Group operates globally, it is essential that local legislation and practices are observed. Should any clause of any policy conflict with local legislation, local legislations shall take precedence.

Key Features of our Remuneration Framework that Promotes Alignment between Risk and Rewards

Our Total Compensation, a mixture of Fixed and Variable (i.e. Variable Bonus and Long-term Incentive Plan) is designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable components that change according to individual performance, business/corporate function performance, group performance outcome as well as individual's level and accountability.

The Bank has strong internal governance on performance and remuneration of control functions which are measured and assessed independently from the business units they support to avoid any conflict of interests. The remuneration of staff in control functions are predominantly fixed to reflect the nature of their responsibilities. Annual reviews of their compensation are benchmarked against the market rate and internally to ensure that it is set at an appropriate level.

Performance Management principles ensure KPIs continue to focus on outcomes delivered that are aligned to our business plans. Each of the Senior Officers and Other Material Risk Takers (OMRT) carry Risk, Governance & Compliance goals in their individual scorecard and are cascaded accordingly. Being a responsible organisation, the right KPI setting continues to shape the organisational culture, actively drive risk and compliance agendas effectively where inputs from control functions and Board Committees are incorporated into the Sector and individual performance results.



Long-term Incentive Award

• Employees' Share Grant Plan

The Bank in December 2018, rolled out a new scheme under our Long-Term Incentive Award i.e. Employees' Share Grant Plan (ESGP) replacing the previous scheme that expired in June 2018. The ESGP has a validity period of seven years and it serves as a long-term incentive award for eligible senior management with the following objectives:

- To align to the Group's long-term strategic objectives to maximise shareholders' value through a high performance culture
- To continue to attract, motivate and retain key talents in senior management level
- To align our total rewards to the long-term value creation and time horizon of risk
- To drive performance that is tied to long-term outcomes and business growth
- To participate in the Group's business strategies for future growth of the Group

Eligibility of ESGP is subject to fulfillment of the ESGP vesting conditions as well as upon meeting the performance criteria at an individual level and at the Maybank Group level over the three year period. The first ESGP award which was granted in December 2018 will be vested by 2021 subject to meeting the vesting conditions.

Corporate Governance – Remuneration Practices

As part of the overall corporate governance framework, the Bank ensures its remuneration policies and structure are in line with the requirements of governance regulations. From a risk management perspective, the remuneration policy is supported by strong governance and is sensitive to risk outcomes.

Staff rewards are reviewed on an annual basis and consistent with business performance and prudent risk management. Appropriately, involvement by the relevant control functions are sufficiently embedded to provide an independent and objective assessment of the remuneration principles and practices which are prerequisites for executing a sound remuneration policy.

Senior Officers and Other Material Risk Takers

The remuneration package for Senior Officers and OMRTs are reviewed on an annual basis and submitted to the Nomination and Remuneration Committee for recommendation to the Board for approval.

Summary of FY2018 compensation outcome for those identified as Senior Officers and OMRTs of Maybank Group:

Total value of remuneration awards for the financial year	RM'000			
	Senior Officers		OMRT	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration				
- Cash-based	28,182 (18 headcount)	-	62,715 (107 headcount)	-
- Shares and share-linked instruments	-	-	-	-
- Other	-	-	-	-
Variable remuneration				
- Cash-based	24,940 (17 headcount)	1,183 (3 headcount)	41,618 (102 headcount)	4,197 (6 headcount)
- Shares and share-linked instruments [^]	13,573 (14 headcount)	-	11,445 (69 headcount)	-
- Other	-	-	-	-
Definition	Senior Officers of the Group are defined as Group President & CEO, Members of the Group Executive Committee (EXCO); Group Chief Financial Officer; Group Chief Risk Officer; Group Chief Compliance Officer; Group Chief Audit Executive and Group General Counsel and Company Secretary.		OMRTs are defined as employees who can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile or those among the most highly remunerated officers.	

Notes:

[^] Share value is based on statutory guidelines for taxable gains calculation.

Notes:

The figures above exclude the Long-Term Incentive Award (combination of cash and shares) awarded in 2018 as the amount, conditional upon fulfillment of payment/vesting criteria, have not taken effect.



Board of Directors



1 **DATUK MOHAIYANI SHAMSUDIN**
Non-Independent Non-Executive Director
(Chairman)
70, Female
Appointed: 22 August 2011
Meeting Attendance: 12/12 (100%)

2 **DATUK ABDUL FARID ALIAS**
Non-Independent Executive Director
(Group President & Chief Executive Officer)
50, Male
Appointed: 2 August 2013
Meeting Attendance: 11/12 (92%)

3 **DATUK R. KARUNAKARAN**
Senior Independent Non-Executive Director
68, Male
Appointed: 16 July 2014
Meeting Attendance: 12/12 (100%)

7 **DR. HASNITA DATO' HASHIM**
Independent Non-Executive Director
57, Female
Appointed: 1 July 2016
Meeting Attendance: 11/12 (92%)

8 **ANTHONY BRENT ELAM**
Independent Non-Executive Director
60, Male
Appointed: 15 November 2016
Meeting Attendance: 12/12 (100%)

9 **CHE ZAKIAH CHE DIN**
Independent Non-Executive Director
59, Female
Appointed: 1 March 2018
Meeting Attendance: 10/10 (100%)





4  **CHENG KEE CHECK**
Non-Independent Non-Executive Director
54, Male
Appointed: 19 November 2014
Meeting Attendance: 12/12 (100%)

5  **EDWIN GERUNGAN**
Independent Non-Executive Director
70, Male
Appointed: 24 August 2015
Meeting Attendance: 12/12 (100%)

6  **NOR HIZAM HASHIM**
Independent Non-Executive Director
70, Male
Appointed: 13 June 2016
Meeting Attendance: 12/12 (100%)

10  **FAUZIAH HISHAM**
Independent Non-Executive Director
62, Female
Appointed: 15 May 2018
Meeting Attendance: 7/8 (88%)

11  **SHARIFFUDDIN KHALID**
Independent Non-Executive Director
53, Male
Appointed: 14 June 2018
Meeting Attendance: 7/7 (100%)

Flags indicate nationality:

 Malaysian

 Indonesian

 American

 Full profiles of the Directors can be found in Section B of the Corporate Governance Report published on Maybank Group's corporate website at www.maybank.com

Note: Age as at 31 January 2019



Board of Directors

DATUK MOHAIYANI SHAMSUDIN

Non-Independent Non-Executive Director (Chairman)*

Qualification(s):

- Master of Business Administration (Finance), Cornell University, Ithaca, New York, USA
- Bachelor of Arts in Economics, Knox College, Galesburg, Illinois, USA

Relevant Working Experience:

Over 40 years of experience in investment banking and stockbroking and was the Deputy Chairman of Kuala Lumpur Stock Exchange from 1999 to 2004. She was an appointed member of several ministerial and national working groups

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Chairman of Maybank
- Chairman of Maybank Investment Bank Berhad
- Chairman of Maybank Kim Eng Holdings Ltd
- Chairman of Maybank Foundation

DATUK ABDUL FARID ALIAS *FCB*

Non-Independent Executive Director
(Group President & Chief Executive Officer)

CRC

Qualification(s):

- Master of Business Administration (Finance), University of Denver, USA
- Bachelor of Science in Accounting, Pennsylvania State University, University Park, USA
- Advanced Management Program, Harvard Business School
- Chartered Banker, Asian Institute of Chartered Bankers

Relevant Working Experience:

Over 20 years of experience in investment banking, corporate finance and capital markets with local large caps and multinationals including Aseambankers, Schroders, Malaysian International Merchant Bankers, JP Morgan and Khazanah Nasional Berhad

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Executive Director/Group President & Chief Executive Officer of Maybank
- President Commissioner of PT Bank Maybank Indonesia Tbk
- Director of Maybank Singapore Limited
- Director of Cagamas Holdings Berhad

DATUK R. KARUNAKARAN

Senior Independent Non-Executive Director

NRC RMC ESGPC

Qualification(s):

- Postgraduate Course on Industrial Project Planning, University of Bradford, UK
- Bachelor of Economics (Accounting) (Hons), University of Malaya, Malaysia

Relevant Working Experience:

Served Malaysian Investment Development Authority (formerly known as Malaysia Industrial Development Authority) (MIDA) for 36 years in various positions including Director and Director-General. MIDA is responsible for the promotion and coordination of the development of the manufacturing and services sector in Malaysia including promoting domestic and foreign investment

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Chairman of Maybank Singapore Limited
- Chairman of Maybank Ageas Holdings Berhad
- Chairman of Etiqa International Holdings Sdn Bhd
- Chairman of Integrated Logistics Berhad
- Director of IOI Corporation Berhad
- Director of Bursa Malaysia Berhad

CHENG KEE CHECK

Non-Independent Non-Executive Director*

AC NRC CRC CC ESGPC

Qualification(s):

- LL.B. (Hons), National University of Singapore, Singapore

Relevant Working Experience:

A practising lawyer since 1990 and is a partner at Messrs Skrine since 1997. He was previously a director of PNB Development Sdn. Berhad and Seriemas Development Sdn. Berhad

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Chairman of Maybank Trustees Berhad

EDWIN GERUNGAN

Independent Non-Executive Director

RMC NRC ESGPC

Qualification(s):

- Bachelor of Arts in Philosophy, Principia College, Elsau, Illinois, USA

Relevant Working Experience:

Over 40 years of experience serving in key positions of banking institutions and private companies including Citibank, Bank Central Asia, Bank Danamon, Bank Mandiri and PT Indonesia Infrastructure Finance

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Commissioner of PT Bank Maybank Indonesia Tbk

NOR HIZAM HASHIM

Independent Non-Executive Director

AC CRC

Qualification(s):

- Bachelor Degree in Commerce (Finance, Accounting and Economics), University of Western Australia, Australia
- Bachelor Degree in Jurisprudence (Hons), University of Malaya, Malaysia
- Member of the Malaysian Institute of Accountants (MIA)

Relevant Working Experience:

30 years in senior management of various multinational companies including Telekom Malaysia Berhad's group of companies. He was with the Prime Minister's Department for four years as an Expert Officer

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Director of Maybank Islamic Berhad
- Director of Minority Shareholders Watch Group
- Director of MCB Bank Limited

Declaration:

* Datuk Mohaiyani Shamsudin and Cheng Kee Check are nominees of Permodalan Nasional Berhad, a major shareholder of Maybank.

All the Directors have no:

- Family relationship with any director and/or major shareholder of Maybank.
- Conflict of interest with Maybank and has never been charged for any offence.

Full profiles of the Directors can be found in Section B of the Corporate Governance Report published on Maybank Group's corporate website at www.maybank.com

DR. HASNITA DATO' HASHIM

Independent Non-Executive Director

RMC CRC CC

Qualification(s):

- PhD in Nuclear Physics, Oxford University, UK
- Bachelor of Science in Physics, Surrey University, UK
- Associate of the Institute of Actuaries, Staple Inn, London, UK
- Investment Advisors License from the Securities Commission Malaysia

Relevant Working Experience:

30 years of global financial management experience in asset management, structured finance and asset securitisation with over 17 years in senior management roles at local and multinational companies

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Chairman of Maybank Asset Management Group Berhad
- Chairman of Maybank Asset Management Sdn Bhd
- Chairman of Maybank Islamic Asset Management Sdn Bhd
- Director of Guidance Investments (Labuan) Ltd
- Director of Guidance Atel Investments Ltd
- Director of Guidance ATEL GCC Investments Ltd

ANTHONY BRENT ELAM

Independent Non-Executive Director

CRC RMC CC

Qualification(s):

- Master in Business Administration (Finance and International Business), New York University, USA
- Bachelor of Science, Foreign Service, Georgetown University, USA

Relevant Working Experience:

Over 30 years of holding senior management positions in various large caps such as Chief Risk Officer of PT Bank Central Asia Tbk, PT Bahana Pembinaan Usaha Indonesia and Citibank

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Director of Maybank (Cambodia) Plc
- Director of Maybank Singapore Limited
- Director of PT Sarana Menara Nusantara Tbk

CHE ZAKIAH CHE DIN

Independent Non-Executive Director

CC AC CRC

Qualification(s):

- Bachelor of Economics (Hons), University of Malaya, Malaysia

Relevant Working Experience:

More than 30 years of experience working with Bank Negara Malaysia (BNM) in banking supervision and regulation. The last position she held in BNM was Director, Financial Conglomerates Supervision Department prior to her retirement in 2017

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Director of Maybank Investment Bank Berhad

FAUZIAH HISHAM

Independent Non-Executive Director

RMC NRC CRC ESGPC

Qualification(s):

- Associate Member of The Institute of Chartered Secretaries & Administrators, UK

Relevant Working Experience:

Over 30 years of banking experience having served in senior management positions in J.P. Morgan Chase Bank, Standard Chartered Bank and Australia & New Zealand Banking Group in Malaysia. She was Chairman of the board of J.P. Morgan Chase Bank Berhad prior to joining Maybank Board

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Director of Maybank Philippines Inc
- Director of Hengyuan Refining Company Berhad
- Director of Agensi Kaunseling & Pengurusan Kredit

SHARIFUDDIN KHALID

Independent Non-Executive Director

AC CRC CC

Qualification(s):

- Fellow Member of The Chartered Institute of Management Accountants, UK

Relevant Working Experience:

Over 30 years of experience in the banking/corporate sector and BNM. His last position was as Director, Strategic Communications for BNM where he served almost 10 years

Present Directorship(s) within Maybank Group, Other Listed Companies and Public Companies:

- Director of Maybank
- Director of Marine & General Berhad

Membership of Board Committees in Maybank:

CRC Credit Review Committee
 NRC Nomination and Remuneration Committee
 RMC Risk Management Committee
 ESGPC Employees' Share Grant Plan Committee
AC Audit Committee
 CC Compliance Committee
 Chairman
 Member

Group Executive Committee

From left to right

MOHD SUHAIL AMAR SURESH

55, Male, Malaysian

DATUK ABDUL FARID ALIAS

50, Male, Malaysian

 Refer to page 80 for his profile

DR. JOHN LEE HIN HOCK

53, Male, Malaysian



From left to right

MICHAEL FOONG SEONG YEW

50, Male, Malaysian

DATO' AMIRUL FEISAL WAN ZAHIR

49, Male, Malaysian

DATO' MOHAMED RAFIQUE

MERICAN MOHD

WAHIDUDDIN MERICAN

53, Male, Malaysian



Note: Age as at 31 January 2019





From left to right

NORA ABD MANAF
54, Female, Malaysian

KAMALUDIN AHMAD
51, Male, Malaysian

DATO' JOHN CHONG ENG CHUAN
51, Male, Malaysian

DATO' MUZAFFAR HISHAM
46, Male, Malaysian



From left to right

JEROME HON KAH CHO
52, Male, Malaysian

TASWIN ZAKARIA
50, Male, Indonesian

GILBERT KOHNKE
60, Male, Canadian



Group Executive Committee

DATO' JOHN CHONG ENG CHUAN

Group Chief Executive Officer,
Community Financial Services
Appointed: 1 October 2018

Qualification(s):

- Bachelor of Economics (Hons), University of Queensland, Brisbane, Australia
- Chartered Banker, Asian Institute of Chartered Bankers
- Advanced Management Program, Harvard Business School

Relevant Working Experience:

Over 25 years of regional investment banking expertise covering equity and debt capital markets, advisory and brokerage services. Previously, the CEO of Maybank Investment Bank Berhad and Maybank Kim Eng Group

Key Achievement for the Year:

Led Malaysia's Best Investment Bank, an award by Euromoney consecutively attained from 2015 to 2018

Present Directorship(s):

- Maybank Kim Eng Holdings Limited (incorporated in the Republic of Singapore)
- Kim Eng Securities (Hong Kong) Limited

DATO' MUZAFFAR HISHAM

Group Chief Executive Officer, Global Banking
Appointed: 1 July 2016

Qualification(s):

- Bachelor of Science (Hons) in Economics and Accounting, University of Bristol, UK
- Leadership Excellence through Awareness and Practice (LEAP) Programme, INSEAD
- Chartered Banker, Asian Institute of Chartered Bankers

Relevant Working Experience:

Over 20 years of Islamic and conventional banking experience in retail and wholesale banking at large local and foreign banks. Previously, Maybank Islamic Berhad CEO and Group Islamic Banking Head

Key Achievement for the Year:

Led Group Global Banking's healthy profit growth of 4.3% YoY by capturing revenue growth from ASEAN opportunities and driving synergies across its diverse businesses

Present Directorship(s):

- Maybank Asset Management Group Berhad
- Maybank Investment Bank Berhad
- Maybank Kim Eng Holdings Limited
- Anfaal Capital (Saudi Arabia)

DATO' AMIRUL FEISAL WAN ZAHIR

Group Chief Financial Officer
Appointed: 1 July 2016

Qualification(s):

- BSc Economics (Accounting & Finance), London School of Economics & Political Science
- Fellow of the Institute of Chartered Accountants England and Wales
- Member of the Malaysian Institute of Accountants
- Chartered Banker, Asian Institute of Chartered Bankers
- Advanced Management Program, Harvard Business School

Relevant Working Experience:

Over 15 years of global investment banking experience, practising in key Asian financial centres. Ten years of senior management roles include leading a listed chemical company and was Maybank Group's Global Banking Head

Key Achievement for the Year:

MIRA 2018 – Best CFO for Investor Relations (Large-Cap)

Present Directorship(s):

- Maybank Ageas Holdings Berhad
- Etiqa International Holdings Sdn Bhd

DATO' MOHAMED RAFIQUE MERICAN MOHD WAHIDUDDIN MERICAN

Group Chief Executive Officer, Islamic Banking
Appointed: 1 July 2016

Qualification(s):

- Fellow of the Association of Chartered Certified Accountants (ACCA), UK
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Advanced Management Program, Harvard Business School

Relevant Working Experience:

Over 20 years of corporate sector experience, with nine years spent as the CFO of several Malaysian listed corporates, including an independent power producer, an electricity company and Maybank Group

Key Achievement for the Year:

Appointed as Chairman of Islamic Banking & Finance Institute of Malaysia

Present Directorship(s):

- PT Bank Maybank Syariah Indonesia
- Etiqa Family Takaful Berhad
- Etiqa General Takaful Berhad
- Maybank Islamic Asset Management Sdn Bhd

KAMALUDIN AHMAD

Group Chief Executive Officer, Insurance & Takaful
Appointed: 1 December 2013

Qualification(s):

- Bachelor of Science (Hons) in Actuarial Science from University of Kent, Canterbury, England

Relevant Working Experience:

Over 25 years of financial services industry experience with large local corporates and multinational companies. Has six years of regulatory and risk experience with Securities Commission and Bank Negara Malaysia

Key Achievement for the Year:

Led Group Insurance & Takaful to be the fastest growing large insurance/takaful player in Malaysia and to achieve its highest topline performance

Present Directorship(s):

- Etiqa Insurance Pte Ltd
- AsianLife & General Assurance Corporation
- PT Asuransi Asoka Mas

MICHAEL FOONG SEONG YEW

Group Chief Strategy Officer &
Chief Executive Officer, International
Appointed: 1 January 2014 & 1 June 2018 respectively

Qualification(s):

- Master of Arts in Economics and Management Studies, Cambridge University, UK
- Advanced Business Management Program, Kellogg Graduate School of Management, Northwestern University, Chicago, USA
- Chartered Banker, Asian Institute of Chartered Bankers

Relevant Working Experience:

Over 17 years of experience in serving financial services clients across Asia Pacific, specialising in the areas of strategy and enterprise transformation

Key Achievement for the Year:

Formalised partnerships with major digital players and led Maybank International towards higher profitability in 2018 with renewed strategic focus and greater cross-function synergies

Present Directorship(s):

Nil

Declaration:

The Group Executive Committee members have no family relationship with any director and/or major shareholder of Maybank, conflict of interest with Maybank and has never been charged for any offence, convictions for offences within the past 5 years and public sanction or penalty imposed by the relevant regulatory body during the financial year.



Group Executive Committee

NORA ABD MANAF

Group Chief Human Capital Officer
Appointed: 22 September 2008

Qualification(s):

- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Postgraduate certification in Human Resource Development, Cornell University
- Advanced Management Program, Harvard Business School
- Gallup Strengths Level II Coach

Relevant Working Experience:

Over 20 years of diverse functional and experience in leadership roles for multinationals and large local organisations across several sectors including telecommunications, technology and financial services

Key Achievement for the Year:

Led internal and external programmes leading to Maybank being awarded Life@Work's Best Malaysian Organisation for the 4th year and M100's Graduate Employer of the Year (Financial Services) for the 8th year

Present Directorship(s):

- Etiqa General Insurance Berhad
- Etiqa Life Insurance Berhad
- MBB Labs Pvt. Ltd (India)

GILBERT KOHNKE

Group Chief Risk Officer
Appointed: 1 November 2017

Qualification(s):

- Master of Business Administration, University of Hawaii, Manoa
- Bachelor of Commerce (Accounting), University of Windsor, Canada
- Bachelor of Arts (Economics), University of Western Ontario, Canada

Relevant Working Experience:

Over 30 years of experience in global financial institutions, with a proven track record of risk expertise. He was the Group Chief Risk Officer for Danske Bank AS and OCBC Bank

Key Achievement for the Year:

Spearheaded Group Risk's people transformation focused on building future-ready skills by institutionalising a Risk Academy and strengthening the leadership and succession pipeline

Present Directorship(s):

Nil

DR. JOHN LEE HIN HOCK

Country Chief Executive Officer &
Chief Executive Officer, Maybank Singapore
Appointed: 1 December 2017

Qualification(s):

- Doctorate of Philosophy in Economics, Monash University, Australia
- Bachelor of Economics, Monash University, Australia
- Fellow Certified Practising Accountant of the Australian Society of CPAs
- Chartered Banker, Asian Institute of Chartered Bankers

Relevant Working Experience:

Over 13 years of financial services experience spanning across the Asia Pacific markets as a partner of KPMG Business Advisory. Previously, Maybank Group's Chief Risk Officer for seven years

Key Achievement for the Year:

Led the local incorporation of Maybank Singapore Limited

Present Directorship(s):

- Maybank Kim Eng Holdings Limited
- Etiqa Insurance Private Limited

MOHD SUHAIL AMAR SURESH

Group Chief Technology Officer
Appointed: 1 April 2015

Qualification(s):

- Master of Business Administration, Charles Sturt University, Australia
- Fellow, Malaysian Institute of Management
- Chartered Banker, Asian Institute of Chartered Bankers

Relevant Working Experience:

More than 30 years of global experience in business strategy and development, information technology and in application architecture for payments and banking services

Key Achievement for the Year:

Recognised as a Top 10 CIO in the Financial Services Industry across ASEAN by IDG's CIO-Asia.com

Present Directorship(s):

- Maybank Shared Services Sdn Bhd
- MCB Bank Limited
- MBB Labs Pvt. Ltd (India)

JEROME HON KAH CHO

Group Chief Operations Officer
Appointed: 1 December 2013

Qualification(s):

- Malaysian Institute of Certified Public Accountants (MICPA)
- Member of MICPA
- Member of Malaysia Institute of Accountants (MIA)

Relevant Working Experience:

Over 20 years in Maybank, of which more than seven years as the Group Chief Audit Executive. Additionally, he has eight years of audit experience prior to joining Maybank

Key Achievement for the Year:

Introduced robotics to replace manual processing for selected back-office functions, aimed at optimising operational costs in the medium-term

Present Directorship(s):

Nil

TASWIN ZAKARIA

President Director, Maybank Indonesia
Appointed: 11 November 2013

Qualification(s):

- Bachelor of Science in Business Administration degree in Accounting, Cum Laude (Hons), The Ohio State University
- Advanced Management Program, Harvard Business School

Relevant Working Experience:

Over 25 years of corporate and banking experience in local and foreign companies. Held key management roles in service sectors including banking, infrastructure financing and airport management

Key Achievement for the Year:

Led the development and execution of Indonesia's first ever Shariah cross currency hedging facility to corporate customers and was the keynote speaker for prominent events including DISRUPTO – Indonesia's first digital event

Present Directorship(s):

- PT Bank Maybank Indonesia Tbk



Group Shariah Committees



Shariah Committee of Etiqa Family Takaful Berhad & Etiqa General Takaful Berhad (SC EFTB & EGTB)

- | | | | |
|--|--|--|--|
| <p>1  DR. AHCENE LAHSASNA
Chairman
49, Male
Appointed: 11 June 2009
Meeting Attendance: 20/20 (100%)</p> | <p>2  DR. SARIP ADUL
Member
49, Male
Appointed: 1 June 2011
Meeting Attendance: 20/20 (100%)</p> | <p>3  PROFESSOR DR. RUSNI HASSAN
Member
51, Female
Appointed: 1 May 2017
Meeting Attendance: 19/20 (95%)</p> | <p>4  PROFESSOR DR. ABDUL RAHIM ABDUL RAHMAN
Member
51, Male
Appointed: 1 May 2017
Meeting Attendance: 20/20 (100%)</p> |
| <p>5  PROFESSOR DATO DR. MOHD AZMI OMAR
Member
60, Male
Appointed: 1 May 2018
Meeting Attendance: 11/12 (92%)</p> | <p>6  SAHIBUS SAMAHAH DATO' DR. ANHAR OPIR
Member
43, Male
Appointed: 1 May 2018
Meeting Attendance: 12/12 (100%)</p> | | |



Maybank Islamic Berhad Shariah Committee (MIBSC)

- | | | | |
|--|--|---|---|
| <p>1  ASSOCIATE PROFESSOR DR. AZNAN HASAN
Chairman
47, Male
Appointed: 1 May 2014
Meeting Attendance: 24/26 (92%)</p> | <p>2  DR. AHCENE LAHSASNA
Member
49, Male
Appointed: 11 June 2009
Meeting Attendance: 25/26 (98%)</p> | <p>3  DR. MARJAN MUHAMMAD
Member
43, Female
Appointed: 1 May 2013
Meeting Attendance: 24/26 (92%)</p> | <p>4  ASSOCIATE PROFESSOR DR. MOHAMED FAIROOZ ABDUL KHIR
Member
42, Male
Appointed: 1 May 2013
Meeting Attendance: 24/26 (92%)</p> |
| <p>5  USTAZ MOHD KAMAL MOKHTAR
Member
51, Male
Appointed: 1 September 2015
Meeting Attendance: 26/26 (100%)</p> | <p>6  DR. ONI SAHRONI
Member
43, Male
Appointed: 9 July 2018
Meeting Attendance: 10/12 (83%)</p> | <p>7  DR. SYAHNAZ SULAIMAN
Member
41, Female
Appointed: 9 July 2018
Meeting Attendance: 10/12 (83%)</p> | |

Flags indicate nationality:

 Malaysian  Singaporean  Indonesian  Algerian

 Full profiles for SC EFTB & EGTB can be obtained at www.etiqa.com.my while MIBSC's profiles can be obtained at Maybank Islamic's corporate website



DR. AHCENE LAHSASNA

Chairman of SC EFTB & EGTB & Member of MIBSC

Qualification(s):

- Bachelor's degree in Islamic Law and Islamic Jurisprudence, University of Emir AbdelKader, Constantine, Algeria
- Master's degree in Islamic law and Islamic Jurisprudence, International Islamic University of Malaysia (IIUM)
- PhD in Islamic law and Islamic Jurisprudence, IIUM

Present Occupation(s):

- Chief Executive Officer (CEO), Salihin Shariah Advisory
- Academic Director, Singapore Islamic Finance Academy (SIFA)
- A registered Shariah advisor for the Islamic Unit Trust Schemes and Islamic Securities (Sukuk) with the Securities Commission of Malaysia
- Member, Committee, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) (Malaysia)
- Member, Shariah Advisory Council of the Malaysian Financial Planning Council (MFPC)
- Member, Shariah Committee, RGA Takaful (Labuan)
- Panel member, FAA Accreditation

Relevant Working Experience:

He has over 18 years of collective experience as practitioner and academician working in different organisations and universities; and served as Associate Professor at INCEIF for more than 10 years.

DR. SARIP ADUL

Member of SC EFTB & EGTB

Qualification(s):

- Bachelor's degree (Shariah), Al-Azhar University
- Master in Fiqh and Usul Al-Fiqh, University of Jordan
- PhD in Shariah, Universiti Kebangsaan Malaysia

Present Occupation(s):

- Senior Lecturer, Universiti Malaysia Sabah
- Registered Shariah Advisor for the Islamic Unit Trust Schemes and Islamic Securities (Sukuk) with the Securities Commission of Malaysia
- Member, Shariah Committee, Perbadanan Baitulmal Sabah

Relevant Working Experience:

He was a former member of the Fatwa Council for Sabah and Shariah Committee for Maybank Islamic. He is also an active speaker on the subject of Shariah, Islamic law and da'wah.

PROFESSOR DR. RUSNI HASSAN

Member of SC EFTB & EGTB

Qualification(s):

- LLB (Hons), International Islamic University Malaysia (IIUM)
- LLB (Shariah) (Hons), IIUM
- Master of Comparative Laws, IIUM
- PhD in Law, IIUM

Present Occupation(s):

- Professor and Deputy Dean, IIUM Institute of Islamic Banking and Finance
- Member, Shariah Committee, Hong Leong Islamic Bank, Association of Islamic Banking Institutions Malaysia (AIBIM), Housing Development Finance Corporation, Maldives, Housing Development Corporation, Maldives and Koperasi JCorp
- Registered Shariah Advisor for the Islamic Unit Trust Schemes and Islamic Securities (Sukuk) with the Securities Commission of Malaysia
- Secretary General, Association of Shariah Advisors in Islamic Finance Malaysia (ASAS)
- Assistant Secretary, International Council of Islamic Finance Educators (ICIFE)

Relevant Working Experience:

She was a member of the Shariah Advisory Council of Bank Negara Malaysia. Her contributions to Islamic Finance through publications, trainings and conferences have garnered international recognition.

PROFESSOR DR. ABDUL RAHIM ABDUL RAHMAN

Member of SC EFTB & EGTB

Qualification(s):

- Bachelor degree in Finance and Accounting, University of East London
- Master in Accounting and Management Sciences, University of Southampton, UK
- PhD in Accounting, University of Southampton, UK

Present Occupation(s):

- Member, Board of Directors, EFTB and EGTB
- Professor, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM)
- Member, Shariah Committee, Amanah Ikhtiar Malaysia (AIM)
- Panel member of Muamalat experts, Department of Islamic Development Malaysia (JAKIM)
- Chief Editor, Journal of Muamalat and Islamic Finance Research (JMIFR), USIM
- Committee member, Economics and Finance Cluster, National Council of Professors (MPN).

Relevant Working Experience:

He has 13 years of experience in teaching, research and consultancy on Islamic Finance, Islamic Accounting, Ethics and Governance, and Shariah Audit in various capacities.

PROFESSOR DATO' DR. MOHD AZMI OMAR

Member of SC EFTB & EGTB

Qualification(s):

- Bachelor's degree in Science (Finance), Northern Illinois University, USA
- Master of Business Administration, Northern Illinois University, USA
- PhD in Finance, Bangor University, Wales, UK

Present Occupation(s):

- President and Chief Executive Officer, International Centre for Education in Islamic Finance (INCEIF)
- Member, Shariah Committee, Bank Kerjasama Rakyat Malaysia.
- Islamic Finance Expert to the Autoriti Monetari Brunei Darussalam.

Relevant Working Experience:

He was the Director-General at Islamic Research and Training Institute, Islamic Development Bank Group, Jeddah and has served in International Islamic University Malaysia (IIUM) in various teaching and management capacities.

SAHIBUS SAMAHAH DATO' DR. ANHAR OPIR

Member of SC EFTB & EGTB

Qualification(s):

- Bachelor's degree in Syariah Islamiyah, Al-Azhar University, Egypt
- Master in Islamic Philosophy (with Distinction), Cairo University, Egypt
- PhD in Fiqh and Usul Fiqh (with Distinction), World Islamic Sciences and Education University (WISE), Jordan

Present Occupation(s):

- Deputy Mufti of State of Selangor
- Member, Shariah Committee, Bank Islam Malaysia Berhad and Permodalan Usahawan Nasional Berhad

Relevant Working Experience:

He was a Senior Lecturer at Department of Islamic Studies, Universiti Pendidikan Sultan Idris.



Group Shariah Committees

ASSOCIATE PROFESSOR DR. AZNAN HASAN

Chairman of MIBSC

Qualification(s):

- Bachelor's degree in Shariah (BA Hons), Al-Azhar University
- Master's degree in Shariah (Mumtaz), Cairo University
- PhD, University of Wales, Lampeter, UK.

Present Occupation(s):

- Shariah consultant to Maybank Investment Bank
- Associate Professor, IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia (IIUM)
- President of the Association of Shariah Advisors in Islamic Finance (ASAS)
- Chairman, Shariah Committee, Bank Pembangunan Malaysia Berhad
- Deputy Chairman, Shariah Advisory Council, Securities Commission
- Independent Non-Executive Director, Hong Leong MSIG Takaful
- Member, Committee, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- Member, Shariah Advisory Board, ABSA Islamic Bank (South Africa), FNB Bank (South Africa), Yasaar Limited (London), Khalij Islamic (London), HSBC Amanah (Dubai), Amanahraya Berhad, Employee Provident Fund (EPF), Waqaf Foundation (Yayasan Waqaf)

Relevant Working Experience:

He has approximately 15 years of experience in Islamic finance at both local and international level and was a member of the Shariah Advisory Council of Bank Negara Malaysia for five years.

DR. MARJAN MUHAMMAD

Member of MIBSC

Qualification(s):

- Bachelor of Islamic Revealed Knowledge and Heritage, Fiqh and Usul al-Fiqh, International Islamic University Malaysia (IIUM)
- Master of Islamic Revealed Knowledge and Heritage, Fiqh and Usul al-Fiqh, International Islamic University Malaysia (IIUM)
- PhD, Islamic Revealed Knowledge and Heritage, Fiqh and Usul al-Fiqh, International Islamic University Malaysia (IIUM)

Present Occupation(s):

- Head, Research Quality Assurance Office, International Shariah Research Academy for Islamic Finance (ISRA)
- Member, Shariah Committee, SME Bank

Relevant Working Experience:

She was a tutor at Universiti Sains Islam Malaysia (USIM), the Director of Research Affairs Department, International Shariah Research Academy for Islamic Finance (ISRA) and a Shariah Committee member of RHB Islamic Bank and Malaysia Building Society Berhad (MBSB).

ASSOCIATE PROFESSOR DR. MOHAMED FAIROOZ ABDUL KHIR

Member of MIBSC

Qualification(s):

- Bachelor of Islamic Revealed Knowledge and Heritage, Fiqh and Usul al-Fiqh, International Islamic University Malaysia (IIUM)
- Master's degree in Shariah, specialising in Fiqh, Usul al-Fiqh and Islamic Finance, University of Malaya
- PhD, Fiqh, Usul al-Fiqh and Islamic Finance, University of Malaya

Present Occupation(s):

- Associate Professor, School of Law and Shariah, Islamic University of Malaysia
- Member, Shariah Advisory Council, Securities Commission
- Registered Shariah Advisor for the Islamic Unit Trust Schemes and Islamic Securities (Sukuk) with the Securities Commission of Malaysia.
- Chairman, Shariah Committee, AGRO Bank
- Member, Shariah Committee, MNRB Holdings Berhad
- Member, Perak Fatwa Committee - Ahli Jawatankuasa Fatwa Negeri Perak
- Shariah Adviser, the Farmers' Organization Authority

Relevant Working Experience:

He headed ISRA's Islamic Banking Unit and was a lecturer with the Department of Islamic Revealed Knowledge and Human Sciences at International Islamic University Malaysia.

USTAZ MOHD KAMAL MOKHTAR

Member of MIBSC

Qualification(s):

- Diploma, Arabic Language, Islamic University of Medina
- B.Sc., Zoology and Botany, National University of Singapore (NUS)
- BA (Hons), Hadith and Islamic Studies, Islamic University of Medina
- Shari'a Advisory Training Program, Singapore Islamic Scholars & Religious Teachers Association (PERGAS) and International Institute of Islamic Finance (IIIF)
- Masters in Finance, International Islamic University of Malaysia (IIUM)

Present Occupation(s):

- Judge, Shariah Appeal Court of Singapore
- Associate member, Fatwa Council of Majlis Ugama Islam Singapore (MUIS)
- Member, Asatizah Recognition Board (ARB)
- Member, Shariah Committee, Basil Fund – a private Real Estate Investment fund based in Singapore since 2012
- Member, Singapore Islamic Scholars & Religious Teachers Association (PERGAS)
- Board member, Warees Halal Limited

Relevant Working Experience:

He was the Executive Director of Andalus Corporation, Executive Director of Albany Learning and Development Pte Ltd, Research Analyst for Office of Mufti Singapore and Senior Shariah Advisor for SHAPE Financials.

DR. ONI SAHRONI

Member of MIBSC

Qualification(s):

- Bachelor's degree in Shariah, Al-Azhar University
- Master's degree in Comparative Islamic Jurisprudence, Al-Azhar University
- Phd in Comparative Islamic Jurisprudence, Al-Azhar University

Present Occupation(s):

- Member, Shariah Supervisory Board, PT Bank Maybank Indonesia Tbk
- Lecturer, Fiqh Economics, University of Indonesia
- Founder, Rumahwasathia Foundation
- Director, Sebi Islamic Business Economic Research Center (SIBER-C)
- Member, Daily Management Board at National Shariah Council (DSN)-Majelis Ulama Indonesia
- Member, Shariah Supervisory Board, PT Adira Dinamika Multi Finance Tbk
- Member, Shariah Supervisory Board, PT Bank Muamalat Indonesia and BPH
- Member, Shariah Nasional Board
- Member, ISRA Council of Scholars
- Shariah Expert, Shariah Supervisory Board, of PT BNP Paribas Investment Partners

Relevant Working Experience:

He is the Founder of Rumahwasathia Foundation and a Director at Sebi Islamic Business Economic Research Center (SIBER-C). He serves as the member of Shariah committee of various institutions including financial and regulatory institutions.

DR. SYAHNAZ SULAIMAN

Member of MIBSC

Qualification(s):

- Bachelor's degree in Shariah and Law, University of Malaya
- Master's degree in Comparative Laws, International Islamic University Malaysia
- PhD in Islamic Economy, University of Malaya

Present Occupation(s):

- Senior Lecturer, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia

Relevant Working Experience:

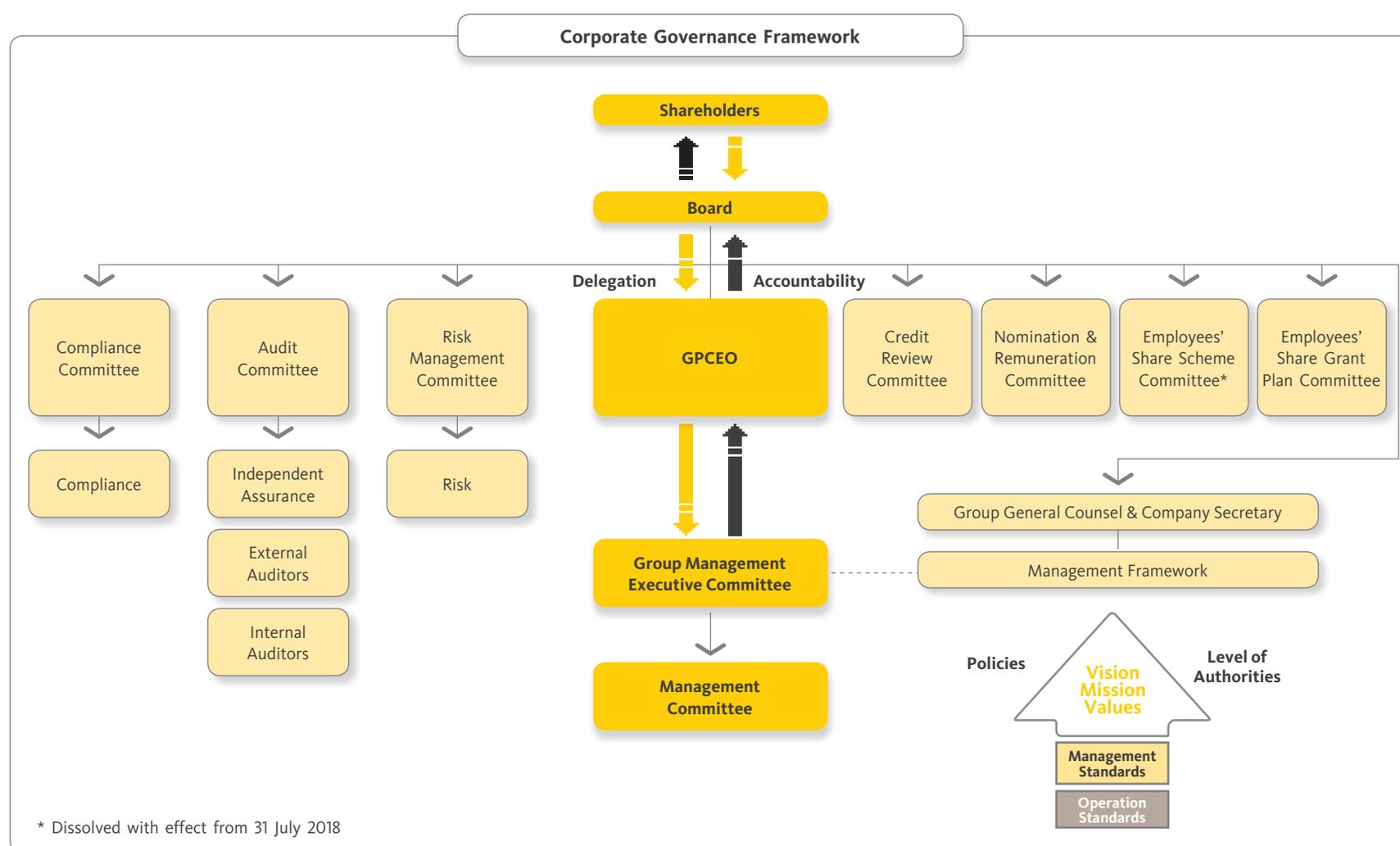
She served as a Senior Assistant Director at Jabatan Kemajuan Islam Malaysia (JAKIM) for 10 years and has published numerous articles in journals and books pertaining to Islamic law of transactions (muamalat) and Islamic Finance.



Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors of Malayan Banking Berhad (Maybank, the Group or the Company) (the Board) views corporate governance as a fundamental process contributing towards achieving long term shareholder value, taking into account the interest of other stakeholders. Amidst an increasingly challenging operating environment, the Board continuously strives to refine the Group's corporate governance practices and processes to meet these challenges head-on, to ensure that the Group's competitive edge both locally and regionally remains undiminished.



Maybank's Corporate Governance Framework is premised upon the following statutory provisions, best practices, policies and guidelines:-

1. Companies Act, 2016;
2. Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) (Listing Requirements);
3. Policy on Corporate Governance issued by Bank Negara Malaysia (BNM CG Policy); and
4. Malaysian Code on Corporate Governance issued in 2017 (the Code).

Pursuant to Bursa Malaysia's corporate governance disclosure requirements per Para 15.25 and Practice Note 9 of the Listing Requirements, the Board is pleased to set out a summary of the Group's corporate governance practices during the financial year ended 31 December 2018 (FY2018) in this Corporate Governance Overview Statement (CG Overview Statement). In addition to this, the application of each of the Practices set out in the Code is disclosed in our Corporate Governance Report (CG Report) which is available on Maybank Group's corporate website at www.maybank.com

Corporate Governance Overview Statement

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Activities

The business and affairs of the Group are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of Maybank. The Board also sets the Group's core values, adopts proper standards to ensure that the Group operates with integrity, and complies with the relevant rules and regulations. The roles and responsibilities of the Board are set out in Maybank's Board Charter which are available on Maybank Group's corporate website.

Among the key activities of the Board during FY2018 were as follows:-

Strategy	Risk, Compliance and Oversight	Governance
<p>Reviewed and deliberated the following updates and strategy papers:-</p> <ul style="list-style-type: none"> • Business strategy of the various sectors within the Group • Investor Relations Strategy for 2017/2018 • Updates on Maybank Innovation • Updates on Maybank's Sustainability and Corporate Responsibility Strategy • Maybank's Inclusiveness and Diversity Agenda • Digital Upskilling for Maybank Group Staff • Update on Maybank Group's Mergers and Acquisitions and Portfolio Management • Cyber Defense Capabilities and Delivery Roadmap for Maybank Group 	<p>Reviewed and deliberated the following reports and approval papers:-</p> <ul style="list-style-type: none"> • Revisions to the Group's Anti-Bribery & Corruption Policy • Quarterly compliance reports • Group Chief Risk Officer's risk reports • Internal Review Report on Illegal Financial Schemes and Mule Accounts • Internal Audit Reports from the Audit Committee of the Board • Quarterly Risk Appetite Statements and Capital Adequacy Assessment Process reports • Quarterly Maybank Group Compliance's League Table Results • Maybank's Credit Authority Limit • Progress Update on Compliance Culture for FY2018 	<p>Reviewed and deliberated the following reports and approval papers:-</p> <ul style="list-style-type: none"> • Annual Board Effectiveness Evaluation for the financial year ended 31 December 2017 • Local incorporation of Maybank Singapore • Review of the Group's Non-Executive Directors Talent Pool • Updates on Review of Maybank's Corporate Governance Framework • Group Capital Contingency Plan • Amendment of Maybank's Memorandum & Articles of Association • Revisions to the Terms of References of Board Committees • Assessment of Shareholder Suitability pursuant to the Policy on Shareholder Suitability issued by BNM • Budget and Business Plan for the Group for FY2019

Board Composition

As at 31 December 2018, the Board consists of 11 Directors, comprising:-

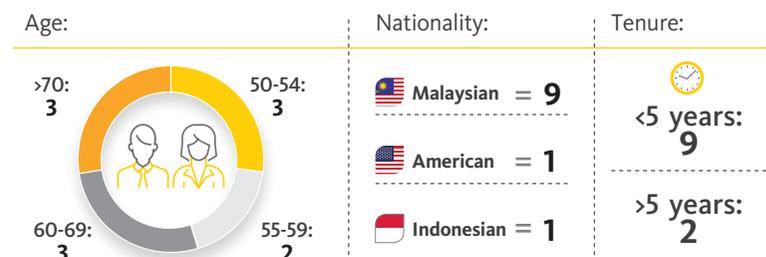
- one Executive Director (ED);
- two Non-Independent Non-Executive Directors (NINED); and
- eight Independent Non-Executive Directors (INED).

The composition of the Board exceeds the minimum one-third requirement of independent directors as stipulated in the Listing Requirements and meets the requirement of having a majority of independent directors as set out in the BNM CG Policy. The Group President and Chief Executive Officer (Group PCEO), Datuk Abdul Farid Alias is the only ED on the Board, while the two NINEDs are nominees of Permodalan Nasional Berhad, a major shareholder of Maybank.

The Board is committed in ensuring diversity and inclusion in its composition and decision-making process. The Group embraces the positive and value-relevant impact that diversity in the Board brings to the Group. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service. The percentage of women Directors on the Board as at 31 December 2018 was 36%. There are also two foreign nationals on the Board, Mr. Edwin Gerungan, an Indonesian and Mr. Anthony Brent Elam, an American (based in Indonesia); both are former bankers with international experience, especially in Indonesia where Maybank's presence is large and significant.

The roles and responsibilities of the Chairman, Datuk Mohaiyani Shamsudin and the Group PCEO are separated by a clear division of responsibilities which are defined, documented and approved by the Board in line with best practices so as to ensure the appropriate supervision of Management. This distinction allows for better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach facilitates efficiency and expedites informed decision-making.

The profile of each Director can be found on pages 78 to 81 of this Annual Report.



Board Meetings

The Board meets on a monthly basis and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters. All Directors had attended at least 75% of Board meetings held during FY2018.

Details of attendance of each Director at Board meetings held during FY2018 are disclosed in the Board of Directors section on pages 78 to 79 of this Annual Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) consists of a majority of INEDs and is chaired by an INED.

The roles and responsibilities of the NRC are set out in its Terms of Reference which are available on Maybank Group's corporate website.

The composition of the NRC and details of the meetings attended by each member can be found in Section B of the CG Report.

Among the key activities of the NRC during FY2018 were as follows:-

- | | | |
|--|---|---|
| 01
Board Composition and Succession Planning | } | <ul style="list-style-type: none"> • Reviewed the overall size and composition of the Board and the board of its subsidiaries in tandem with the Board's succession plan • Reviewed and made recommendations on the composition of Board Committees • Reviewed the succession plan for the Board • Reviewed the amendments to the Framework on the Nomination and Appointment of Chairman of the Board of Maybank's subsidiaries |
| 02
Recruitment and Appointment of Directors | } | <ul style="list-style-type: none"> • Reviewed the background, skills and experience of potential candidates for appointments on the Board and the board of its subsidiaries • Conducted interview sessions to assess the suitability of potential candidates to be appointed to the Board and the board of its subsidiaries • Considered the re-appointments and re-elections of Directors of the Group • Reviewed the appointment of Shariah Committee members of Maybank Islamic Berhad |
| 03
Recruitment and Appointment of Senior Officers | } | <ul style="list-style-type: none"> • Reviewed the suitability of potential candidates for the appointment of senior officers including the Chief Executive Officer (CEO) of Maybank's subsidiaries • Considered the proposals to renew the employment contract of senior officers of the Group • Received updates on the Group Executive Committee (EXCO) Succession Management |
| 04
Fit and Proper Assessment | } | <ul style="list-style-type: none"> • Reviewed the results of the annual Fit and Proper assessment on Directors, senior officers and other Material Risk Takers of the Group |
| 05
Board Effectiveness Evaluation | } | <ul style="list-style-type: none"> • Conducted the annual Board Effectiveness Evaluation (BEE) on the Board, Board Committees and its main subsidiaries in respect of their performance for FY2017 • Reviewed the results of the BEE exercise and recommended the proposed Actionable Improvement Programme to the Board and the board of its subsidiaries for approval • Reviewed the training needs of the Directors |
| 06
Remuneration for Maybank Group | } | <ul style="list-style-type: none"> • Reviewed and recommended the total rewards (variable bonus and salary increment) for the Group |
| 07
Governance | } | <ul style="list-style-type: none"> • Reviewed the amendments to the Terms of Reference of the NRC • Reviewed reports on Consequence Management • Reviewed the Talent Pool for Non-Executive Directors of the Group |

The Board delegates to the NRC the responsibility to establish a formal and transparent procedure for the nomination and appointment of new Directors to the Board. Such responsibilities include screening, conducting initial selection of internal and external candidates and performing the requisite evaluation and assessment on the candidates' ability to discharge their duties effectively and efficiently prior to making recommendations to the Board for its approval. The NRC also ensures that the candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge their role as a director.

The NRC determines the ability of the INEDs to continue bringing independent and objective judgment to the Board deliberations. Additionally, the NRC considers if there are any ground or reason that have come to their attention that may affect the independent status of the INEDs. To assist the NRC in evaluating the independence of directors, the Board has established a Directors' Independence Policy (Independence Policy) which sets out Maybank's approach in determining directors' independence. The Independence Policy provides a guideline for the Board and its subsidiaries in the assessment of the independence of each INED. Consistent with the Independence Policy, the Board via the NRC assesses the independence of INEDs prior to their appointments and re-appointments as part of the annual Fit and Proper Assessment exercise. Pursuant to the recommendation of the NRC based on the assessment undertaken for FY2018, the Board is satisfied that all the INEDs of the Board have met the independence criteria set out under the Listing Requirements, the BNM CG Policy, as well as the Independence Policy.

Induction Programme

A comprehensive induction programme has been established to ease new Directors into their new role and to assist them in their understanding of the Group's business strategy and operations. New Directors are required to attend the programme as soon as possible once they have been appointed. Typically undertaken within a period of two days, the programme includes intensive one-on-one sessions with the Group PCEO and the Group EXCO members, wherein new Directors will be briefed and updated on the challenges and issues faced by the Group.

Succession Plan

Succession planning is an integral part of the Board's corporate governance practices as the Board believes that the membership and composition of the Board should be reassessed from time to time. This is to ensure continuity towards meeting the Group's long-term goals and objectives. The NRC plays a major role in the recruitment and selection process of potential candidates. This process includes reviewing the Group's Talent Pool and procuring from time to time, the curricula vitae of prospective candidates discreetly from various internal and external sources for its review and consideration in order to ensure that the Board will always have a steady pool of talent for selection whenever there is a need to appoint new directors. In this regard, the Group's Policy on the Tenure of Directorships (Directors Tenure Policy) facilitates succession planning by providing the Board with the opportunity to consider and reassess its membership periodically. This is to ensure continuity in meeting its long term goals and objectives and also to ensure that the knowledge, experience, and skillset of its members would be well suited to meet the demands of the ever-changing landscape of the financial industry.

Corporate Governance Overview Statement

NED Remuneration Framework

The NRC is further authorised to develop and implement formal and transparent procedures for the development of Maybank's remuneration policy for its directors by ensuring that their compensation is competitive and consistent with industry standards. The NRC has established a remuneration framework for its NEDs (NED Remuneration Framework) which is subject to periodic review. Details of the Company's NED Remuneration Framework which was approved by the shareholders at the 58th Annual General Meeting (AGM) of the Company held on 12 April 2018 (58th AGM) is illustrated below:-

NED Remuneration Framework per annum (RM)				Shareholders Approval
Fee Component	Chairman	Vice Chairman	Member	
Board Fee	610,000	440,000	295,000	Obtained at the 55 th AGM held on 7 April 2015
Board Committee Fee	75,000	-	45,000	Obtained at the 58 th AGM held on 12 April 2018

Based on the NED Remuneration Framework set out above, details of the total remuneration of the Directors, as distinguished between the ED and NEDs, in aggregate with categorisation into appropriate components for FY2018 are set out as follows:-

	Salary (RM)	Bonus (RM)	Directors' Fees (RM)	Other Emoluments (RM)	Benefits-In-Kind (RM)	Employees' Share Scheme (RM)	Total (RM)
Executive Director							
Datuk Abdul Farid Alias	2,640,000	3,300,000	-	1,243,980*	39,045	2,376,268^	9,599,293
Non-Executive Directors							
Datuk Mohaiyani Shamsudin			610,000	611,500	43,935#		1,265,435
Datuk R. Karunakaran			507,500	131,500	8,735#		647,735
Mr. Cheng Kee Check			523,750	235,500	5,000#		764,250
Mr. Edwin Gerungan			467,500	175,500	6,636#		649,636
Encik Nor Hizam Hashim			403,750	143,500	4,348#		551,598
Dr. Hasnita Dato' Hashim			418,750	166,500	8,735#		593,985
Mr. Anthony Brent Elam			445,000	215,500	5,000#		665,500
Ms. Che Zakiah Che Din ¹			350,798	180,500	-		531,298
Puan Fauziah Hisham ²			253,976	116,000	5,000#		374,976
Encik Shariffuddin Khalid ³			235,306	132,000	6,839#		374,145
Mr. Renato Tinio De Guzman ⁴			32,083	-	-		32,083
Dato' Johan Ariffin ⁵			101,583	10,500	44,235#		156,318
Datin Paduka Jam'iah Abdul Hamid ⁶			451,236	164,500	5,000#		620,736
Total (for Non-Executive Directors)	-	-	4,801,232	2,283,000	143,463	-	7,227,695
Grand Total	2,640,000	3,300,000	4,801,232	3,526,980	182,508	2,376,268	16,826,988

* Executive Director's Other Emoluments include pension costs, allowances and reimbursements.

Benefits-in-kind for Non-Executive Directors include golf club membership, annual gift and farewell gift. In addition to this, benefits-in-kind for the Chairman also include driver, car and fuel allowance.

^ During FY2018, the Executive Director had exercised a total of 1,901,000 options under the Employees' Share Option Scheme and a total of 177,871 Restricted Share Unit had been vested and awarded to him (value of both equivalent to RM2,376,268 based on the statutory guidelines for taxable gains calculation).

Notes:-

¹ Appointed as an INED of Maybank on 1 March 2018

² Appointed as an INED of Maybank on 15 May 2018

³ Appointed as an INED of Maybank on 14 June 2018

⁴ Resigned as an INED of Maybank on 5 March 2018

⁵ Retired as an INED of Maybank on 12 April 2018

⁶ Deceased on 19 November 2018

The Board has decided to maintain the NED Remuneration Framework and will not be proposing any revisions to the same at the forthcoming 59th AGM of the Company.

Board Effectiveness

The Board conducts an evaluation of its members and the Board Committees on an annual basis. During FY2017, the Board had incorporated in Maybank's Corporate Governance Framework, the practice of engaging a firm of consultants to conduct the annual BEE to assess the overall effectiveness of the Board and individual Directors on a periodic basis. For FY2018, the BEE was conducted internally by the NRC with the assistance of the Group Corporate Secretarial Department. Pursuant to the said exercise, comments received from the Board (including areas for improvements) have been incorporated into the Board's Actionable Improvement Programme (AIP) to be addressed throughout 2019. The Board's AIP for FY2019 is as follows:-

- To develop and enhance the environmental, social and governance (ESG) Framework and Sustainability Plan for the Group; and
- To hold more engagement sessions with key business and operations teams across the Group.

Directors' Training

The Board acknowledges the importance of continuing education for its Directors to ensure that they are equipped with the necessary skills and knowledge to perform their duties and meet the challenges facing the Board.

During FY2018, all the Board members attended various training programmes and workshops on issues relevant to the Group. As for 2019, the key areas of focus for the training needs of Directors have been identified based on the BEE undertaken by the Board.

Independent Professional Advice

Independent professional advice can be obtained by any individual Director, at Maybank's expense where necessary, in furtherance of his or her duties. This is clearly provided under Maybank's Policy and Procedure on Access to Independent Professional Advice, senior management and Company Secretary by Directors of Maybank Group. Copies of any report, advice or recommendations provided by independent professional advisers to the relevant Director would be forwarded by the said Director to the Company Secretary, who will, where appropriate, circulate them to other Directors to ensure that they are kept informed of the advice.

Directorships in Other Companies and Maybank Subsidiaries

In compliance with the Listing Requirements, each member of the Board holds no more than five directorships in public listed companies. This enables the Directors to focus, and devote sufficient time in discharging their duties and responsibilities effectively.

The Board values the experience and perspective gained by the NEDs from their memberships on the boards of other companies, organisations, and/or associations. In this regard, the Board Manual provides that the NEDs must first consult the Chairman to ensure that their acceptance of such other appointments would not unduly affect their time commitments and responsibilities to the Board and the Group.

In addition to the above, the Board may from time to time, nominate some of its members to sit on the board of Maybank's subsidiaries, most of which are also financial institutions. While these directors are expected to represent the interest of the Group, the Board is mindful of the duties imposed on such Directors, who must also act in the best interest of the subsidiaries that they represent.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee of the Board

The Audit Committee of the Board (ACB) consists of a majority of INEDs, and is chaired by an INED.

The composition and details of meetings attended by each member can be found in Section B of the CG Report. The composition of the ACB for FY2018 was in compliance with both the Listing Requirements and the provisions of the BNM CG Policy.

The ACB members are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment. The Terms of Reference of the ACB are available on Maybank Group's corporate website.

The ACB and the Board place great emphasis on the objectivity and independence of the external auditors in providing relevant and transparent reports to the shareholders. In line with this, the Board has delegated the responsibility to assess the suitability, objectivity and independence of the Group's appointed external auditors to the ACB. This responsibility is enshrined in the ACB's Terms of Reference, while the procedures and processes for the conduct of such assessment are guided by the Group's Framework on Appointment of External Statutory Auditors for Provision of Statutory Audit and Non-Audit Services. The ACB conducts such assessments on an annual basis. On that note, the external auditors have provided their written assurance to the Group in respect of their independence for FY2018. In respect of fees, the details of the statutory audit and non-audit fees incurred for FY2018 are set out under Note 46 on page 171 of the Financial Statements book of this Annual Report. To ensure full disclosure of matters, the external auditors are regularly invited to attend Audit Committee meetings as well as general meetings of Maybank.

The Board is also assisted by the ACB in overseeing the financial reporting process and the quality of the Group's financial statements. This is to ensure that the Board dispenses its fiduciary responsibility to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Group's financial position, financial performance and prospects. The ACB is also tasked to review the appropriateness of the accounting policies applied by the Group as well as the changes in these policies. Based on the ACB's recommendations, the Board also ensures that the Group's financial statements prepared for each financial year sets out a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting

Standards, and the requirements of the Companies Act, 2016 in Malaysia. The Statement on Directors' Responsibility in respect of the preparation of the audited financial statements of the Group is set out on page 10 of the Financial Statements book of this Annual Report. On that note, the Group's financial results for FY2018 were announced to the public on 26 February 2019, less than sixty days after the closure of Maybank's financial year end. The Group's financial highlights and indicators for FY2018 are set out on page 39 of this Annual Report. The Group's financial statements are included on pages 34 to 318 of the Financial Statements book of this Annual Report.

Internal Audit Function

The Internal Audit (IA) function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, control, and governance processes implemented by the Management. The IA staff is placed under the direct authority and supervision of the ACB to preserve its independence. The Group Chief Audit Executive (GCAE) reports functionally to the ACB and administratively to the Group PCEO. The IA function is independent of the activities and operations of other operating units in the Group. The IA function is guided by its Audit Charter (as approved by the ACB) which defines the mission and objective, responsibility, accountability, authority, independence and objectivity, professionalism and ethical standards of the IA function of the Group.

The IA function has unrestricted access to the ACB and the GCAE is invited to attend ACB meetings to facilitate the deliberation of audit reports. The minutes of ACB meetings are then tabled to the Board for their information. It also serves as useful references, especially if there are pertinent issues that any Directors wish to highlight or seek clarification on.

To ensure effective management and independence of the IA function, the ACB is empowered by its Terms of Reference to appraise and approve the appointment and termination of the GCAE, the scope of the IA function and the required resources, as well as the performance of its senior staff. Further details on the activities of the ACB during FY2018, the independence of audit personnel and the Group's internal audit framework can be found in the Audit Committee Report which is set out on pages 101 to 104 of this Annual Report.

Risk Management Committee

The Risk and Management Committee (RMC) consists exclusively of INEDs, and is chaired by an INED.

The composition of the RMC, its duties and responsibilities as well as details of meetings attended by each member can be found in Section B of the CG Report.

The RMC assists the Board in ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the RMC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Group.

Risk Management and Internal Control Framework

The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness. The Board has established a governance structure to ensure effective oversight of risks and controls in the Group. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively. The ACB regularly evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Group Audit. The ACB also reviews Group Audit's recommendations and management responses to these recommendations to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.



Corporate Governance Overview Statement

Compliance Committee of the Board

The Compliance Committee of the Board (CCB) consists of a majority of INEDs and is chaired by an INED.

The composition of the CCB, its duties and responsibilities as well as details of meetings attended by each member can be found in Section B of the CG Report.

The main objective of the establishment of the CCB is to ensure that regulatory compliance risk is effectively managed to support the Group's business growth in line with the Group's aspiration and risk appetite.

The Board has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Statement on Risk Management and Internal Control which is set out on pages 96 to 100 of this Annual Report.

C. INTEGRITY IN REPORTING AND EFFECTIVE STAKEHOLDER COMMUNICATIONS

Investor Relations (IR) is an essential part of Maybank's Corporate Governance Framework which ensures that all stakeholders, including the domestic and international investment community, receive relevant, timely and comprehensive information about the Group.

Maybank's dedicated IR unit is committed to providing effective and open two-way communication to improve disclosure and transparency. Contact details of key IR spokespersons of Maybank are as follows:

Dato' Amirul Feisal Wan Zahir Group Chief Financial Officer Contact: (6)03 2074 7703 Email: feisal.zahir@maybank.com	Jeeva Arulampalam Head, Group Investor Relations Contact: (6)03 2074 8017 Email: jeeva.a@maybank.com
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The Board recognises the importance of timely and accurate information being delivered to the shareholders and investors for them to make informed investment decisions about Maybank. Hence, the Board has adopted the Group's Corporate Disclosure Policies and Procedures (Group Corporate Disclosure Policy) to enhance transparency and accountability as well as to facilitate disclosure of material information in a timely and accurate manner. A copy of the Group Corporate Disclosure Policy can be found on Maybank Group's corporate website. The policy details out Maybank Group's communication channels with its stakeholder groups and the types of investor engagement undertaken by the Group. More details on the investor engagements for 2018 can be found on Maybank Group's corporate website.

In line with the practice set out in the Code, the Board has also evaluated the Management's recommendations for Maybank to adopt integrated reporting as part of the Group's communications strategy with the Group's stakeholders and has approved the transition of the Annual Report to integrated reporting format in stages.

Group Corporate Website

Maybank Group's corporate website www.maybank.com provides comprehensive and easy access to the latest information about the Group. Information available on the corporate website includes Maybank's corporate profile, individual profiles of Directors and senior management, share and dividend information including the dividend reinvestment plan, investor presentations, financial results, annual reports, credit ratings, corporate news and Maybank's global operations and subsidiaries. Additionally, information on the Group's corporate governance structure and framework is available on the corporate website.

Visitors can also receive the latest Maybank updates via email or RSS feed through Maybank Group's corporate website. In addition, stakeholders can also obtain regulatory announcements made by Maybank to Bursa Malaysia on Maybank Group's corporate website.

The Constitution

The Constitution of Maybank was adopted in FY2018 in place of its Memorandum and Articles of Association pursuant to the approval of the shareholders at the 58th AGM. The Constitution regulates the manner in which Maybank is governed.

General Meetings

The AGMs and Extraordinary General Meetings (EGM) of the Company represent the primary platforms for direct two-way interaction between the shareholders, the Board and Management of the Group. In deference to shareholder democracy and the transparency policy adopted by the Group, shareholder's approval is required on all material issues. This includes major mergers, acquisitions and divestments exercises, dividend payments, Directors' fees and benefits, election/re-election and appointment/re-appointment of Directors as well as the appointment of auditors. The attendance of shareholders at the Company's general meetings has always been high as evidenced by the presence of around 5,000 shareholders at the 58th AGM. Active participation by shareholders is encouraged during the AGM whereby an open platform is made available for them to raise questions relevant to the AGM agenda and appropriate response and clarification are promptly provided by the Board to the shareholders. In line with the recommendations of the Code, the Notice of the 59th AGM of the Group was issued to the shareholders of the Company 28 days prior to the date of the said meeting.

Maybank continues the practice of encouraging shareholders to submit written questions prior to the commencement of meeting, in the forms provided during registration. This additional channel for the shareholders to raise their questions allows Maybank to prepare the answers in advance and to group together similar questions from different shareholders to answer comprehensively as one. This provides greater efficiency in meeting proceedings and enables Maybank to address additional questions from the floor. It is not intended to curtail the shareholders' right to speak in the meeting as the shareholders can still raise questions or make observations after the written question and answer session has been completed.

Additionally, queries by the Malaysian Shareholders Watch Group on Maybank's business or other pertinent governance issues raised prior to the meeting as well as Maybank's feedback are shared with the shareholders during the meeting. The voting results for each resolution are also immediately announced to the shareholders in the meeting at the end of the voting process. Minutes of the AGM/EGM including significant matters discussed at the meetings are also disclosed on Maybank Group's corporate website. Recognising the significance of the AGM as the primary forum for the Group's shareholders to engage with all members of the Board on a face-to-face basis, all members of the Board are committed to attend the same. The Chair of all Board Committees also comes prepared to address any issues that shareholders may raise within the scope of the Board Committees in which they lead.

In accordance with the relevant provisions of the Constitution, shareholders who are eligible to vote at general meetings but are unable to attend the same in person, may appoint proxies to vote on their behalf. Maybank has also introduced electronic voting (e-voting) facilities and will continue to make available such facilities in future meetings, to ensure that the mandatory poll voting process at all general meetings are carried out efficiently.

D. KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board has identified ESG as a key focus area for the Group for the future and will provide the appropriate guidance and oversight to the senior management team as they work towards developing a more robust sustainability agenda for the Group.



Additional Compliance Information

AUDIT AND NON-AUDIT FEES

A breakdown of fees for statutory audit and non-audit services incurred by Maybank and on group basis for the financial year ended 31 December 2018 is set out under Note 46, on page 171 of the Financial Statements book of the Annual Report 2018.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE (RRPT)

The Company did not enter into nor seek mandate from its shareholders on any RRPT during the financial year ended 31 December 2018.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

(a) Fund Raising Exercises

During the financial year ended 31 December 2018, the Group has issued, amongst others, commercial papers and medium term notes (including conventional and Islamic) as part of its fund raising exercises. The proceeds raised from these fund raising exercises are used for working capital, general banking and other corporate purposes, and/or Shariah-compliant purposes, where applicable.

Details of these commercial papers and medium term notes are disclosed in Notes 27 and 33, on pages 128 and 142 to 146 respectively of the Financial Statements book of the Annual Report 2018.

(b) Dividend Reinvestment Plan (DRP)

Net proceeds raised from the DRP (after deducting estimated expenses of the DRP) are for the purpose of funding the continuing growth and expansion of the Maybank Group.



Statement on Risk Management and Internal Control

Financial year ended 31 December 2018

This Statement on Risk Management and Internal Control is prepared in accordance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (Bursa Malaysia). The statement outlines the key features of the risk management and internal control system of the Group during the year under review.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound system of risk management and internal control as well as reviewing its adequacy and effectiveness in identifying, assessing and responding to risks to achieve the Group's objectives. The Board plays a pivotal role in providing risk oversight and determining the aggregate level and types of risk that the Group is willing to take in achieving its strategic objectives (Risk Appetite). The Board actively participates in the setting of the Group's objectives and strategies, and ensures the corresponding risks are adequately mitigated within its approved risk appetite. In view of the inherent limitations in any risk management and internal control system, such system can therefore only provide reasonable, rather than absolute assurance to realise the Group's objectives and against material financial misstatement, losses or fraud.

The Board has established a strong risk management and internal control governance structure that is crucial in setting the tone and culture towards effective risk management and internal control. To effectively carry out its risk and control oversight responsibilities, the Board is assisted by the Risk Management Committee (RMC), Compliance Committee of the Board (CCB) and Audit Committee of the Board (ACB) to oversee all matters regarding risk, compliance and controls. The Board receives reports periodically from these Board Committees to keep the Board informed of the board committee's work, key deliberations and decisions on delegated matters.

The Board is satisfied that the Group has implemented an ongoing process to identify, evaluate, monitor, manage and respond to significant risks faced by the Group in its achievement of the business goals and objectives amidst the dynamic and challenging business environment and increasing regulatory scrutinisation. This ongoing process has been in place for the entire financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

MANAGEMENT RESPONSIBILITY

Management is responsible for implementing the Board's policies and procedures on risk and control and its roles include:

- Identifying and evaluating the risks relevant to the Group's business, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks in accordance with the Group's strategic vision and overall risk appetite;
- Designing, implementing and monitoring the effective implementation of risk management and internal control system;
- Implementing remedial actions to address the compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes to the risks or emerging risks and the corrective and mitigation actions taken.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

Risk Management Framework

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate level of risk taken to the desired level of rewards. As risk management is a core discipline of the Group, it is underpinned by a set of key principles which serves as the foundation in driving strong risk management culture, practices and processes:

Principles	Description
01 Establish risk appetite & strategy	The risk appetite is approved by the Board, which articulates the nature, type and level of risk that the Group is willing to assume.
02 Assign adequate capital	The approach to capital management is driven by strategic objectives and accounts for the relevant regulatory, economic and commercial environment in which the Group operates.
03 Ensure proper governance and oversight function	There is a clear, effective and robust Group governance structure with well-defined, transparent and consistent lines of responsibility established within the Group.
04 Promote strong risk culture	Institutionalisation of a strong risk culture that supports and provides appropriate standards and incentives for professional and responsible behaviour.
05 Implement sound risk frameworks, policies and procedures	Implementation of integrated risk frameworks, policies and procedures to ensure that risk management practices and processes are effective at all levels.
06 Execute strong risk management practices and processes	Robust risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Group.
07 Ensure sufficient resources and system infrastructure	Ensure sufficient resources, infrastructure and techniques are established to enable effective risk management.



Statement on Risk Management and Internal Control

Financial year ended 31 December 2018

Risk Appetite

The Group's risk appetite is an integral component of the Group's robust risk management framework and is driven by both top-down Board leadership and bottom-up involvement of Management at all levels. Our risk appetite enables the Board and senior management to communicate, understand and assess the types and levels of risk that the Group is willing to accept in pursuit of its business and strategic goals while taking into consideration constraints under stressed environments.

The risk appetite is integrated into the strategic planning process and remains dynamic and responsive to the changing internal and external drivers such as market conditions, stakeholder's expectations and internal capabilities. In addition, the budgeting process is aligned to the risk appetite in ensuring that projected revenues arising from business transactions are consistent with the risk profile established. Our risk appetite also provides a consistent structure in understanding risk and is embedded in the day-to-day business activities and decisions throughout the Group.

Guided by these principles, our risk appetite is articulated through a set of Risk Appetite Statements for all material risks across the Group to ultimately balance the strategic objectives of the Group.

Risk Governance & Oversight

The risk governance model provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and senior management in the risk management process to ensure a uniform view of risk across the Group. The governance model aims to place accountability and ownership whilst facilitating an appropriate level of independence and segregation of duties between the three lines of defence.

 Further information on the three lines of defence can be found in the Group Risk Management section on page 67.

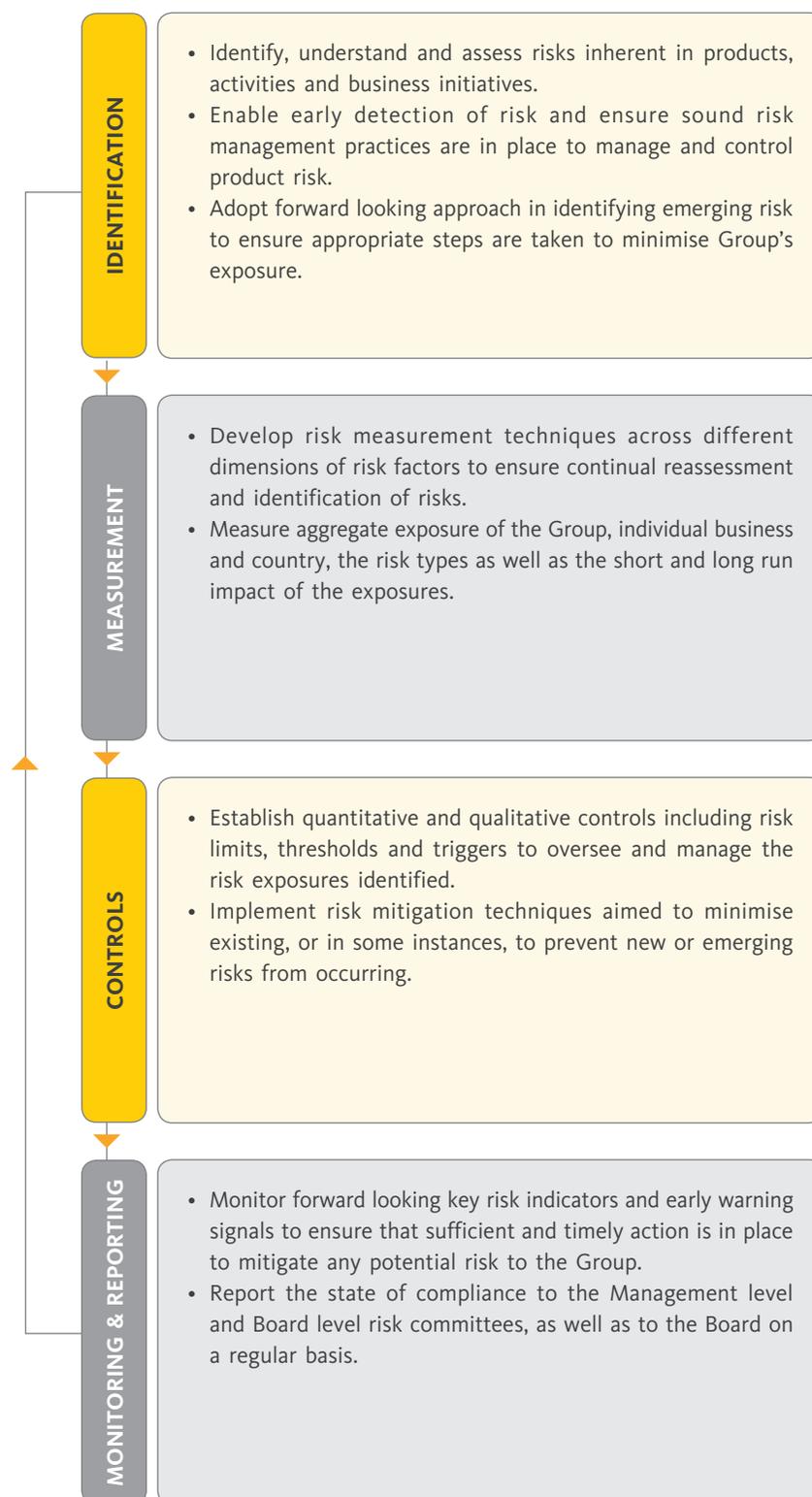
Risk and Compliance Culture

The risk and compliance culture is driven by a strong tone from the top and strengthened by the tone from the middle. This is to ingrain the expected values and principles of conduct that shapes the behaviour and attitude of employees at all levels of business and activities across the Group. Risk and compliance policies are clearly defined, consistently communicated and continuously reinforced throughout the Group to embed a robust culture that cultivates active identification, assessment and mitigation of risks in our journey to continuously embed a positive attitude and responsibility of all employees across the Group.

As part of the risk and compliance culture, the Group has instilled a culture where the Board, senior management and every employee of the Group is committed to adhere to the requirement of relevant laws, rules, and regulations. This commitment is clearly demonstrated through the establishment and strengthening of policies, processes and controls in managing and preventing non-compliances.

Risk Management Practices & Processes

The risk management practices and processes enable systematic identification, measurement, control, monitoring and reporting of risk exposures across the Group.



Statement on Risk Management and Internal Control

Financial year ended 31 December 2018

Group Compliance Framework

The Framework provides the key principles and guidelines for managing Compliance Risk within Maybank Group. It is to be adopted and implemented across all operating entities of the Group in various jurisdictions.

The Framework serves as a guide for Compliance function alongside Board of Directors, senior management and all employees in all jurisdictions in understanding, complying and managing compliance risk.

The objectives of the Framework are to:

- Outline the overall strategy in managing compliance risk to ensure uniformity in practices across the Group in meeting regulatory and legal obligations;
- Specify the minimum expected standards for compliance risk management;
- Establish the roles and responsibilities of compliance risk management across the Group; and
- Establish the Group's compliance structure and its scope.

Shariah Governance Framework

The Group's Shariah Governance Framework sets out the expectations of the Shariah governance structures, processes and arrangements of all businesses and countries within the Group that execute Islamic business transactions. This is to ensure that all its operations and business activities are in accordance with Shariah principles as well as to provide comprehensive guidance to the Board, Shariah Committee and Management in discharging their duties in matters relating to Shariah.

The Group's Shariah Governance Framework reflects the responsibility of the Board, Management, Shariah Committee and Shariah Control functions, namely, Shariah Advisory and Research, Shariah Risk, Shariah Review and Shariah Audit, as well as Business Units to ensure effective management of Shariah Non-Compliance risks.

The end-to-end Shariah compliant governance mechanism is executed through four lines of defence that cater for both pre-execution and post-execution. The four lines of defence are 1st-Management and Business Unit, 2nd-Shariah Advisory and Research, 3rd-Shariah Risk and 4th-Shariah Audit and Shariah Review.

Cyber and Technology Risk Management Policy and Guideline

The Cyber Risk Management Policy is established based on the National Institute of Standards and Technology, US (NIST) standards which emphasises on controls from identifying risks, building resilience, detecting cyber threats and effectively responding to cyber related events. The Policy encompasses the cyber risk management strategy, governance structure and risk management enablers. It complements the Technology Risk Management Guideline and covers both Business and Technology drivers from an end-to-end perspective, which focuses on the key layers of People, Process and Technology.

Technology Risk Management Guideline sets the standards for identifying the risk and required controls in the organisation's technology related functionalities and taking the appropriate risk remedial actions. This is established to standardise the Technology operations environment which will increase high service levels to customers as well as business units.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:

• Group Organisation Structure

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.

• Annual Business Plan and Budget

An annual business plan and budget are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board reviews regular reports from the Management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the Group's policies.

• Oversight by Risk Management Committee

The Board has delegated the risk oversight responsibility to the Risk Management Committee (RMC). The committee is responsible for formulating policies and frameworks to identify, measure, monitor, manage and control the material risk components impacting the businesses. The effectiveness of the risk management system is monitored and evaluated by the Group Risk (GR) function, on an ongoing basis.

 Further information on the roles and responsibilities and specific duties of the RMC can be found in Section B of the Corporate Governance Report (CG Report) which is available on Maybank Group's corporate website at www.maybank.com

• Oversight by Compliance Committee of the Board

The Board is assisted by the CCB in the assessment of compliance risk. The overall objective of the CCB is to ensure compliance risk management is given the needed attention at the highest level to ensure regulatory compliance risk is effectively managed to support business growth in line with the Group's aspiration and risk appetite. The roles of CCB is to review and assess the adequacy of infrastructure, resources and systems to manage compliance risk across Maybank Group and recommend improvement to ensure effectiveness.

 Further information on the roles and responsibilities of the CCB can be found in Section B of the Corporate Governance Report (CG Report) which is available on Maybank Group's corporate website at www.maybank.com

• Other Board Committees

Other Board Committees, namely Credit Review Committee, Nomination and Remuneration Committee and Employee Share Grant Plan Committee are established to assist the Board in executing its governance responsibilities and oversight function as delegated by the Board. These Committees have the authority to examine all matters within the scope defined in their respective terms of reference and report to the Board with their recommendations.

 Further information on the various Board Committees can be found in Section B of the Corporate Governance Report (CG Report) which is available on Maybank Group's corporate website at www.maybank.com



Statement on Risk Management and Internal Control

Financial year ended 31 December 2018

• Executive Level Management Committees

Various Executive Level Management Committees (ELCs) are also established by Management to assist and support the various Board Committees to oversee the core areas of business operations. These ELCs include the Group Executive Committee, Group Special Client Committee, Group Management Credit Committee, Group Executive Risk Committee, Group Asset and Liability Management Committee, Group Non-Financial Risk Committee, Group Procurement and Property Committee, Group IT Steering Committee, Group Transformation Steering Committee, Group Internal Audit Committee and Group Staff Committee.

• Group Special Client Committee

The Group Special Client Committee, which is a committee at the highest Management level and chaired by the GPCEO, deliberates and decides on the on-boarding and retention of special risk clients as well as the processing of specific transactions of the special risk clients that pose higher financial crime risks. Decisions are made collectively by the Committee to ensure check and balance and the risks posed are within tolerance level with proper mitigations in place.

• Management of Information Assets

Confidentiality, integrity and availability of information are critical to the day-to-day operations and to facilitate management decision-making. The Maybank Group Information Risk Management Guidelines outlines the guiding principles for an effective management of information assets. Guided by information handling rules in alignment to the information life cycle, all information must be properly managed, controlled and protected. Clear desk policy is reinforced to minimise information leakage/theft and fraud.

With the increased adoption of technology capabilities and the increasing risk of cyber threats, information security has been among our key focus area. Technology controls are applied at the various stages of information cycle. Amongst the controls are Data Loss Protection to protect and prevent the potential for data loss or theft. Additionally, the establishment of Information Assets Working Group (IAWG) to deliberate and formulate data protection measures further strengthen the controls and mitigate the risk of information breach.

• Sustainability Management

Operating in a sustainable manner is an organic part of the Group's approach to its core business. Our long term financial success depends upon our ability to identify and address environmental, social and ethical issues that present risks or opportunities for our business. The Group has in place a five year Sustainability Plan, a strategic document with the aim of generating long-lasting impact and value across three pillars: Community and Citizenship, Our People and Access to Products and Services; by integrating environmental, social and governance (ESG) practices into our business as usual as part of our commitment to all stakeholders, which are supported by relevant policies and systems.

 Further information on Sustainability can be found in the Sustainability Statement section from pages 106 to 113.

• Regular Updates and Communication of Risk Management Principles, Policies, Procedures and Practices

Risk management principles, policies, procedures and practices are reviewed and updated regularly to ensure relevance to the current business environment as well as compliance with applicable laws and regulations. Risk frameworks, policies and procedures are applicable across the Group, inclusive of subsidiaries and overseas branches which are to adopt the principles prescribed by the Group while complying with local requirements. To strengthen consistent adoption of Group's standards, Group Risk has oversight in the adoption and customisation across the Group.

• Group Procurement Manual and Non-Credit Discretionary Power

The Group Procurement Manual is designed to streamline the procurement functions within the Group. It serves as a standard guideline on good management practices expected in the procurement process and procedures. Authority to approve any requisition against budgeted or unbudgeted expenditures shall be in accordance with relevant approving authority policies, i.e. the Non-Credit Discretionary Power (NCDP), Delegation of Authority (DOA) or any equivalent.

The NCDP defines the authority limits approved by the Board for procurement activities, acquisition & disposal of assets, operational write-off, donations, as well as approving general and operational expenses.

• Standard Practice Instruction

Policies and procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures are set out in the Group's Standard Practice Instructions (SPIs) and are updated from time to time in tandem with changes to the business environment or regulatory guidelines. These SPIs are published in the communication portal which is made available to all employees.

• Human Resource Policies and Guidelines

The Maybank Group People Policies (MGPP) serves as a baseline with clarity on the philosophy and principles for People Management and Development in Maybank Group. It incorporates key principles and philosophies that support Maybank Group's Mission of Humanising Financial Services. The MGPP consists of a set of policies and guidelines that governs all aspects of human resource management, from talent acquisition and development, performance and consequence management, and code of conduct to cessation of employment. A Disciplinary Policy is also established to provide for a structure where disciplinary matters are dealt with fairly, consistently and in line with the prevailing labour laws and employment regulations.

• Core Values and Code of Ethics and Conduct

The Group's core values, T.I.G.E.R. (Teamwork, Integrity, Growth, Excellence and Efficiency, Relationship Building) are the essential guiding principles to drive behavioural ethics. It is further complemented by the Code of Ethics and Conduct that sets out sound principles and standards of good practice to be observed by all employees.

• Anti-Fraud Policy

The Anti-Fraud Policy outlines the vision, principles and strategies for the Group to instil a culture of vigilance to effectively manage fraud from detection to remedy, and to deter future occurrences. Robust and comprehensive tools and programmes are employed to reinforce the Policy, with clear roles and responsibilities outlined at every level of the organisation in promoting high standards of integrity in every employee. Stern disciplinary action is taken against employees involved in fraud.

• Reputational Risk Policy

Protecting our reputation is paramount to operating as an institution that provides financial services. Upholding trust forms a vital part of our obligation as a financial institution. Hence, the way in which we conduct ourselves through engagements with markets, regulators, customers, and the communities we serve is crucial. Given the importance of reputation, the Maybank Group Reputational Risk Policy is established to effectively manage reputational risk and to institutionalise awareness on and its consequences. The Policy outlines the roles and responsibilities of key stakeholders and the guiding principles to protect the Group's reputation.



Statement on Risk Management and Internal Control

Financial year ended 31 December 2018

• Whistleblowing Policy

Maybank Group Whistleblowing Policy (Policy) encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice in Maybank. This is in line with the requirements of BNM's Corporate Governance Policy and the principles as prescribed in the Whistleblower Protection Act 2010. The core of the Policy is aimed to provide a proper and secured avenue for Maybank Group employee and/or member of the public who has knowledge or is aware of any improper conduct to report any suspected fraud, corruption, criminal activity or unethical conduct/behaviour by any staff of Maybank, without facing any adverse consequences, such as retaliation.

The access to pertinent whistleblower case/information is strictly governed and administered with highest confidentiality by a designated Board level Non-Executive Director and the Group Chief Compliance Officer (GCCO) and supported by a dedicated whistleblowing team. The team is overseen by a designated Whistleblowing Manager who reports to the Head Group Financial Crime Compliance. All whistleblowing initiatives/activities are reported to Maybank Group Board. Maybank Group is committed to ensuring the confidentiality of the identity of the whistleblower and no person raising a concern in good faith is victimised, harassed, retaliated or otherwise unfairly treated in any manner.

• Financial Crime Compliance

The Group is committed to fight against financial crime and ensure compliance with the relevant laws and regulations. Financial crime risks are managed as part of its efforts to protect the integrity and reputation of the Group and the financial system. Various initiatives and investments have been made to strengthen financial crime compliance controls in FY2018. These include further strengthening and expansion of a dedicated Group Financial Crime Compliance (GFCC) function which primarily focuses on ensuring effective implementation of measures in the areas of anti-money laundering and counter financing of terrorism (AML/CFT), sanctions and anti-bribery and corruptions (AB&C). In addition, ongoing enhancement on people, culture, process and systems are being carried out to improve the Group's ability to prevent, deter and detect financial crime activities.

 Further information under the Group Compliance section on page 69.

INTERNAL AUDIT

Internal Audit Function

The Internal Audit (IA) function is established by the Board to undertake continuous testing and assessment on the effectiveness and efficiency of the risk management and internal control system in order to provide reasonable assurance that such system continues to operate efficiently and effectively. It provides risk-based and objective assurance, advice and insight to stakeholders with the aim of enhancing and protecting organisational values and supporting the Group to achieve its goals.

The IA staff is placed under direct authority and supervision of the Audit Committee of the Board (ACB) to preserve its independence. The Group Chief Audit Executive (GCAE) reports functionally to the ACB and administratively to the Group President & Chief Executive Officer (GPCEO). The IA function is independent of the activities and operations of other operating units in the Group. The annual audit plan (AAP), which defines the scope and coverage of IA for the year is established based on the Maybank Risk Based Audit (MRBA) approach, whilst the COSO Framework is used to assess the adequacy and effectiveness of internal controls. The Management follows through on the audit issues highlighted and ensures remedial actions taken are prompt, adequate and effective. Status reporting of the remedial actions taken is also tabled to the ACB and IAC regularly for deliberation and tracking.

 More detailed description on the Internal Audit function is highlighted in the Audit Committee Report as set out on pages 103 to 104.

Audit Committee of the Board

The ACB is a Board Committee established by the Board to assist in the execution of its governance and oversight responsibilities. The responsibilities include the assessment of the adequacy and effectiveness of the Group's governance, risk management and internal control system through the IA function. The ACB has active oversight over IA's independence, scope of work and resources. The ACB meets on a scheduled basis to review audit and investigation reports prepared by IA, taking into consideration the deliberation of the same report at the IAC. Where necessary, significant control lapses are also escalated by the ACB to the Board for further deliberation. The ACB deliberates on the outstanding audit findings to ensure that the Management undertakes the necessary remedial actions within the committed timeline. Where necessary, representatives from the audited units are requested to attend the ACB meeting to facilitate the deliberation of the audit reports. Minutes of the ACB meeting are then tabled to the Board.

 The details of the activities undertaken by the ACB are highlighted in the Audit Committee Report as set out on pages 101 to 103.

Internal Audit Committee

The Group Internal Audit Committee (IAC) is a management level committee chaired by the Group Chief Financial Officer (GCFO) to ensure adequacy of deliberation over issues/concerns raised by IA. It comprises senior level representatives from the various lines of business. It meets on a scheduled basis to deliberate the findings highlighted in the audit and investigation reports and decide on the appropriate remedial actions required. Where necessary, representatives from the audited units are requested to attend the IAC meeting to enable a more detailed deliberation and speedy resolution of the audit findings. The status of the audit findings is also tabled to the IAC to ensure the committed remedial actions are promptly and effectively implemented within the set timeline. Minutes of the IAC meeting are then tabled to the ACB together with the audit reports. The IAC also follows through on the required actions as resolved by the ACB.

ASSURANCE FROM MANAGEMENT

The GPCEO and GCFO have provided their reasonable assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report. Taking into consideration the assurance from the Management and input from the relevant assurance providers, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively to safeguard the shareholders' interests and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In line with the Listing Requirements, this Statement has been reviewed by the external auditors for inclusion in the Annual Report for the financial year ended 31 December 2018. The limited assurance review was conducted in accordance with the *Audit and Assurance Practice Guide 3 (AAPG3)* issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group.



Audit Committee Report

A. COMPOSITION

The Audit Committee of the Board (ACB) comprises the following Non-Executive Directors, a majority of whom are Independent Directors and is chaired by an Independent Non-Executive Director:

1. **ENCIK NOR HIZAM HASHIM** – Chairman
(Independent Non-Executive Director)
2. **MR. CHENG KEE CHECK**
(Non-Independent Non-Executive Director)
3. **MS. CHE ZAKIAH CHE DIN**
(Independent Non-Executive Director)
– Appointed w.e.f. 29 March 2018
4. **ENCIK SHARIFUDDIN KHALID**
(Independent Non-Executive Director)
– Appointed w.e.f. 14 June 2018

This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) which prescribes that the ACB must consist of at least three members with the Chairman and a majority of the members being independent non-executive directors.

During the financial year ended 31 December 2018 (FY2018), Dato' Johan Ariffin retired as a Director at the conclusion of Maybank's 58th Annual General Meeting (AGM) held on 12 April 2018 and accordingly ceased to be a member of the ACB. In addition, Mr. Renato Tinio De Guzman who resigned as Director of Maybank on 5 March 2018, had also ceased to be a member of the ACB. Ms. Che Zakiah Che Din and Encik Shariffuddin Khalid, who joined the Board of Maybank during the financial year, were appointed as additional members of the ACB on 29 March 2018 and 14 June 2018 respectively. Sadly, Datin Paduka Jam'iah Abdul Hamid, who was a member of the ACB, had passed away on 19 November 2018.

 The duties and responsibilities of the ACB are set out in its Terms of Reference which is published on Maybank's corporate website at www.maybank.com

B. ACTIVITIES OF ACB FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

Attendance of Meetings

A total of 14 meetings were held during FY2018 and the details of meeting attendance are set out below:

Name of Committee Member	Number of meetings held and attended during FY2018
1. Encik Nor Hizam Hashim (Chairman)	14/14
2. Dato' Johan Ariffin (Member)*	4/4
3. Mr. Cheng Kee Check (Member)	14/14
4. Mr. Renato Tinio De Guzman (Member)**	0/3
5. Datin Paduka Jam'iah Abdul Hamid (Member)***	13/13
6. Ms. Che Zakiah Che Din (Member)	11/11
7. Encik Shariffuddin Khalid (Member)	7/7

* Retired at the conclusion of Maybank's 58th AGM held on 12 April 2018 and accordingly ceased to be a member of the ACB with effect from 12 April 2018.

** Resigned with effect from 5 March 2018.

*** Demised on 19 November 2018.

The Group Chief Audit Executive (GCAE) and Group Audit Leadership Team presented their respective audit and investigation reports to the ACB. The Group Chief Financial Officer (GCFO) as the Chairman of the Internal Audit Committee (IAC), represented the Management team to provide assurance and commitment to the ACB on the prompt resolution of audit issues and areas of concern highlighted by Internal Audit (IA). The Management members were also called to the meeting to apprise the ACB on specified control lapses and issues arising from the relevant audit and investigation reports.

The external auditors were invited to the ACB meetings to discuss their Audit Planning Memorandum (APM), Management Letters and other matters deemed relevant. Together with the Group President & Chief Executive Officer (GPCEO) and the GCFO, the external auditors also attended the ACB meetings where the quarterly unaudited financial results and annual audited financial statements of Maybank and the Group were reviewed and discussed.

During FY2018, the ACB had three private sessions with the auditors without the presence of the Management team. One session was with IA and two were with the external auditors.

During the year under review, the ACB in the discharge of its duties and functions, had carried out the following activities:

Internal Audit

1. Reviewed and approved the Annual Audit Plan for FY2018 (AAP2018) to ensure comprehensiveness of scope and coverage as well as adequacy and competency of IA resources. The ACB also took cognisance of IA's annual operating budget requirement as presented in AAP2018. This budget requirement was subsequently tabled as part of the Group Budget to the Board for approval.
2. Deliberated and approved the half-yearly revised AAP2018 to ensure pertinence and in consideration of the emerging risks from the rapid changes in the business environment and in response to the requests from the Regulators, ACB and Management.
3. Assessed and approved FY2017 annual performance rewards for the GCAE and IA staff in consideration of the overall performance achievement of IA for the year and in accordance with the matrix approved by the Board.
4. Deliberated and approved FY2018 goal setting for the GCAE taking into consideration the relevance and importance of the key performance indicators set for the year.
5. Reviewed the monthly Group Audit Dashboard detailing the completion of the planned audits in the approved AAP2018 as well as turnover of IA staff. This reporting was subsequently tabled to the Board for information.
6. Deliberated the audit and investigation reports and directed Management to promptly remediate the control lapses highlighted to strengthen the internal control system and prevent recurrence. Where required, the GCFO was directed to escalate the control lapses and corresponding recommendations to the Group EXCO for deliberation.
7. Updated the Board of the quarterly internal control health check report, outcome of investigation reports and other pertinent audit issues affecting the overall control environment.
8. Reviewed the audit reports issued by the regulatory authorities as well as Management's responses to the Regulators' recommendations, remedial actions taken and the committed timeline to rectify the concerns highlighted.
9. Reviewed the quarterly audit finding status reports and deliberated the rectification actions and timelines taken by Management to ensure prompt resolution of control lapses highlighted. The ACB also deliberated the rectification timeline extension requests by Management and approved such requests where the justifications were acceptable.

Audit Committee Report

10. Reviewed and noted the minutes of meetings for the following:
 - i. IACs in Malaysia and Singapore, for an overview of the deliberations and remedial actions taken by Management on the control lapses raised by IA.
 - ii. ACBs at the various subsidiaries in Malaysia and in the region, for clarification on pertinent matters discussed. The ACB also deliberated the possible common concerns and where deemed necessary, requested the ACBs of the relevant subsidiaries to take further actions.
11. Deliberated the implementation status of the improvement recommendations highlighted by KPMG Management & Risk Consulting Sdn. Bhd. (KPMG) in its external Quality Assurance Review (QAR) Report presented to the ACB in November 2018 where IA was assessed to be in conformance with the Institute of Internal Auditors (IIA) Standards and leading practices.
12. Reviewed and approved the proposed revision to IA's organisation structure and deliberated the initiatives on audit resource pooling and IA staff's position title/level revision. This was to refine and streamline the scope of coverage of the respective audit departments for better reflection of its primary area of responsibility.
13. Deliberated and approved IA's request to maintain FY2017 Staff Requirement Budget in view of the increasing number and complexity of ad hoc regulatory requests.
14. Deliberated and approved the engagement of an external consultant to undertake a review under MAS Notice 637 as required by Monetary Authority of Singapore (MAS).
15. Reviewed and approved the operating model of Singapore IA post local incorporation of Maybank Singapore Ltd.

Annual Report

16. Reviewed and endorsed the Statement on Risk Management and Internal Control (SORMIC) for Board's approval and inclusion in FY2017 Annual Report.
17. Reviewed and approved the Audit Committee Report for inclusion in FY2017 Annual Report.
18. Reviewed and endorsed the Corporate Governance Overview Statement and Report for Board's approval and inclusion in FY2017 Annual Report.

Financial Reporting

19. Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Bank and Maybank Group to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with special focus placed on the changes in accounting policy, as well as significant and unusual events or transactions.

External Audit

20. Reviewed with the external auditors:
 - The APM focusing on the scope of work for the year which included new areas or new scope of audit emphasis such as changes in law and regulations, multi-location audit scoping, systems, audit timeline and statutory audit fees; and
 - The results of the audits, the relevant audit reports and Management Letters together with Management responses or comments to the audit findings.

21. Reviewed the suitability and independence of external auditors in accordance with the Framework on Appointment of External Statutory Auditors for Provision of Statutory Audit and Non-audit Services (Framework) which was adopted since December 2011 and made recommendations to the Board on their reappointment. This Framework is in line with BNM Guidelines on External Auditor.

Assessment of external auditors' independence and performance is performed on an annual basis based on the procedures as follows:

- Review the professional conduct of external auditors by considering information available from public or independent sources. The review is carried out to ensure:
 - i. The appointed external auditors are registered auditors of public interest entity with the Audit Oversight Board;
 - ii. The appointed external auditors and key members of the audit engagement team involved in making key decisions on significant matters with respect to the audit of the financial statements (key members of the audit engagement team) have not been convicted of any offence under the FSA 2013, the IFSA 2013 or the Companies Act 2016, or any written law involving fraud or dishonesty; and
 - iii. The engagement partner and key members of the audit engagement team shall not have any record of disciplinary actions taken against them for unprofessional conduct.
- Assess the external auditors' level of knowledge, capacity and audit experience by reviewing the following:
 - i. Curriculum vitae of the engagement partner and concurring partner;
 - ii. List of public interest entities audited by the engagement partner and the concurring partner in the last two years prior to the date of statutory declaration;
 - iii. Years of experience of the engagement partner and key members of the audit engagement team in auditing financial institutions; and
 - iv. Man-days spent by the engagement partner and the concurring partner in the previous audit.
- Assess the performance of external auditors by reviewing the quality of previous audit or work done by the external auditors and level of engagement by external auditors with the ACB. Based on the assessment, the external auditors have participated actively in the discussions with the ACB as evidenced below:
 - i. The external auditors have updated the ACB via Audit Committee Report for FY2017 on 25 January 2018;
 - ii. Memorandum of recommendations arising from the audit of the financial statements for FY2017 was tabled to the ACB by external auditors on 28 May 2018;
 - iii. On 26 July 2018, the external auditors presented to the ACB the Audit Committee Report for the limited review of the Bank's unaudited income statement for the six-month period ended 30 June 2018; and
 - iv. APM with regard to the audit of financial statements for FY2018 was presented by external auditors to the ACB on 25 October 2018.



- Assess the performance of external auditors by reviewing the timeliness of service deliverables. The external auditors were able to complete the audits for the Bank and Maybank Group within the timelines set as evidenced below:
 - i. Audited financial statements as at 31 December 2017 were signed off by external auditors on 28 February 2018;
 - ii. Report on limited review for the financial period ended 30 June 2018 was signed off by external auditors on 27 July 2018; and
 - iii. No past audit lapses were observed on the external auditors in the past assurance engagements.
 - Assess the independence and objectivity of external auditors by reviewing the following:
 - i. List of non-audit services provided by external auditors to the Bank and Maybank Group;
 - ii. List of advisory services rendered by the engagement partner and the concurring partner in the last two years;
 - iii. Value-added audit findings raised by external auditors in the recent audit of financial statements of the Bank and Maybank Group;
 - iv. Statutory declaration by the engagement partner and key members of the audit engagement team to confirm that they have no relationship with, or interest in the shares of the Bank and Maybank Group;
 - v. Existing engagement partner does not serve the Bank and Maybank Group for a continuous period of more than five years; and
 - vi. The external auditors are required to confirm their compliance with the Code of Conduct that highlights the importance of maintaining objectivity and independence on an annual basis.
22. Reviewed the written assurance provided by external auditors in respect of their independence.
23. Approved the appointment of external auditors for the provision of non-audit services. The ACB considered several qualitative and quantitative criteria prior to approving the appointment of external auditors for the provision of non-audit services to the Bank and Maybank Group. The qualitative and quantitative criteria were as follows:
- Assess the professionalism, expertise, adequacy of knowledge and relevant experience of external auditors;
 - Consider the conflict of interest that will arise if non-audit services were to be performed by external auditors;
 - Review the fees quoted by other audit firms and external auditors for non-audit services; and
 - Ensure the fees quoted by external auditors for non-audit services commensurate with the scope of such non-audit services.

Related Party Transaction (RPT)

24. Reviewed related party transactions as disclosed in the financial statements and the adequacy of Maybank Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.

Others

25. Reviewed and endorsed FY2017 Corporate Governance Disclosures for Maybank Islamic Berhad in accordance with BNM's Policy on Corporate Governance.
26. Deliberated the updates by Management on the execution of the MFRS 9 Project.
27. Deliberated and approved the updates made to Maybank Group Tax Strategy Statement.
28. Deliberated the progress update by Management on the Strategic Asset Allocation project.

C. INTERNAL AUDIT FUNCTION

Independence

The IA function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. The IA function of Maybank Group is organised in-house and is independent of the activities or operations of other operating units in the Group. To maintain its impartiality, proficiency and due professional care as outlined in the Audit Charter (as approved by the ACB and noted by the Board), the IA function reports functionally to the ACB and administratively to the GPCEO.

The IA function is currently headed by Puan Nazlee Abdul Hamid, the GCAE. She has over 30 years audit experience in the financial industry as well as with BNM. She has a Master of Business Administration in Management and Organisational Leadership and holds a Diploma in Accountancy. She is an active member of the Chief Internal Auditors Networking Group (CIANG) and also a member of ISACA, an independent, non-profit, global association that engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems.

Principal Responsibility

The principal responsibility of IA is to evaluate the effectiveness of the governance, risk management and internal control framework and to assess whether the risks, which may hinder the Group from achieving its objectives, are adequately evaluated, managed and controlled. It provides risk-based and objective assurance, advice and insight to stakeholders with the aim of enhancing and protecting organisational values and supporting the Group to achieve its goals.

The IA function for Maybank as well as its branches and subsidiaries in Malaysia and in the region are organised on a Group basis. As of 31 December 2018, Group Audit had a staff strength of 319 individuals from diverse backgrounds and qualifications. The IA function of the subsidiaries in Malaysia, the Philippines, Indonesia, Singapore, Thailand, Vietnam and Cambodia is organised in-house and supported by the resident IA teams with direct accountability to their respective Board Audit Committees/Supervisory Boards.

The total cost incurred for maintaining the IA function for FY2018 was approximately RM70.7 million, comprising mainly salaries and audit activities related spending (travelling, accommodation expenses and subsistence allowances):

Location	No. of Staff	RM million
Malaysia	161	38.0
Regional	158	32.7
Total Group	319	70.7

The IA scope of work for the year, covering the business and operations of the Group was defined in AAP2018 approved by the ACB in January 2018. In establishing the plan, all the auditable units were risk-ranked using the Maybank Risk Based Audit (MRBA) approach into High, Medium and Low while the COSO and COBIT (for IT) frameworks were used to assess the adequacy and effectiveness of internal controls.

The auditors during the year, had undergone continuous training programmes to equip themselves with the requisite audit and product knowledge in various specialised areas. Trainings and guidance were also provided by Group Office to the regional IA teams, where required to ensure consistency in the application of auditing standards, processes and testing.

Audit Committee Report

The IA processes and activities are governed by the relevant regulatory guidelines as well as the Group's Code of Ethics and the IIA mandatory guidance established under the International Professional Practices Framework (IPPF).

Audit reports were submitted to the ACB for review and deliberation along with the audit recommendations, Management's responses and action plans for improvement and/or rectification. The rectification of the audit findings were also tracked and reported to the ACB periodically to ensure prompt resolution and all requests for extension of timeline were also tabled to the ACB for approval.

The Quality Assurance and Improvement Program (QAIP) continues to be used to assess the quality of the audit processes against the International Standards promulgated by the IIA. Recommendations and opportunities for improvement are identified through internal assessment by an independent internal Quality Assurance team under the direct supervision of the GCAE as well as external assessment by a qualified independent assessor once every five years. The last external assessment was conducted by KPMG where IA was assessed to be in conformance with the IIA Standards and leading practices.

Summary of Internal Audit Activities in FY2018

The following are the key IA activities undertaken in FY2018:

1. Attended meetings of the various management committees such as Group Information Technology Steering Committee (GITSC), Executive Risk Committee (ERC), and Group Procurement Committee (GPC) on a consultative and advisory capacity to provide independent feedback on risk management, control and governance.
2. Emplaced a new target operating model (TOM) which was geared towards effective and optimal mobilisation of the audit workforce to ensure optimum resource utilisation and efficient implementation of the audit mandate. To effectively operationalise the new TOM, various near-to-real-time dashboards were established to monitor and track audit progress and productivity.
3. Designed and developed a data analytics platform to present data via a graphical interface for easier identification of potential risk area. This helped IA to better align the audit focus on where it matters the most and deliver insights into the state of internal controls at the audited units.
4. Established a risk based AAP for FY2018 as well as a revised mid-year plan in consideration of the changing risk landscape as well as requests from the Regulators, ACB and Management.
5. Engaged with the relevant sectors to share on the risk and control environment within their respective business areas and to build awareness on the importance and value of controls.
6. Calibrated and integrated the audit approach across all IA functions in Group Office and in the region during the two-day offsite regional Group Audit Challenge session. This is to ensure comprehensive coverage of the risk locations across the Group.
7. Performed periodic internal control testing of business units, operations and processes across the Group as identified in the annual audit plan as well as provided independent assessment and objective assurance over the adequacy and effectiveness of risk management, internal control and governance of the units audited.
8. Conducted regional reviews (including overseas subsidiaries) on critical areas such as Computation and Reporting of Capital Charge to BNM, Group Stress Testing, Regional Hubbing, Data Loss Prevention and Compliance to SWIFT Customer Security Framework, etc. to provide an overall assessment of the controls from a Group's view.
9. Conducted compliance review mandated by the respective countries' regulators such as BNM, Bursa Malaysia, New York Federal Reserve Board (NYFRB), Hong Kong Monetary Authority (HKMA), Monetary Authority of Singapore (MAS) and Bangko Sentral ng Pilipinas (BSP).
10. Conducted independent and objective reviews of the adequacy and relevance of internal controls in the introduction of new products and implementation of new IT systems.
11. Performed independent assessment prior to launching of new services, products or facilities to ensure all risks were identified and adequate controls applied, as per the requirements stated in the approval from the various regulators and governing authorities.
12. Participated in the various Business Continuity Management exercises, including Disaster Recovery Exercise (Live and Simulation), Crisis Simulation Exercise, Live Split Operations Exercise and Desktop Review Exercise to provide independent observations over the readiness of the businesses/systems to resume/recover (in the event of disaster) within the established timeline.
13. Conducted investigations into activities or matters as instructed by the regulators, ACB and Management. The outcome from the investigations were tabled to the IAC and ACB for deliberation and to the Board for information.
14. Conducted ad hoc and special reviews as instructed by the ACB or as requested by the Regulators. For FY2018, a total of 95 such reviews were conducted.
15. Conducted half-yearly internal quality assessment review (QAR) of IA and follow-up reviews of the previous desktop limited peer reviews (DLPRs) of IA functions at Maybank Kim Eng entities in the Philippines, Indonesia and Thailand.
16. Witnessed the tender opening process for procurement of services or assets to ensure the tendering process is conducted in a fair, transparent and consistent manner.
17. Prepared the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the FY2018 Annual Report.



Group Shariah Committee Report

The Shariah Committee (SC) performs an oversight role on Shariah matters related to the business operations and activities of the relevant Islamic businesses within Maybank Group. There are two Shariah committees that reside within Maybank Group:

- Maybank Islamic Berhad Shariah Committee (MIBSC)
- Shariah Committee of Etiqa Family Takaful Berhad and Etiqa General Takaful Berhad (SC EFTB & EGTB)

 For the profile of each SC member, please refer to pages 86 to 88.

SHARIAH GOVERNANCE, DUTIES, RESPONSIBILITIES & ACCOUNTABILITIES

Maybank Group has established and implemented a robust Shariah Governance Framework. Refer to the Financial Statements pages 308 to 309 and Basel II Pillar 3 Disclosure on www.maybank.com for further details on the Shariah governance structure, approach and their responsibilities.

MEETINGS AND JOINT BOARD MEETINGS

The MIBSC convened 26 meetings inclusive of one special meeting to cater for urgent proposals, while the SC EFTB & EGTB convened 18 meetings. All SC members have satisfied the minimum 75% attendance requirement under the Operation Procedures for the Shariah Committee of BNM's Shariah Governance Framework.

SC places importance on ensuring effective implementation of Shariah governance and the best practices of corporate governance. In view of this, two joint sessions were held between MIBSC and the Board of Directors in FY2018, while SC EFTB & EGTB held four sessions.

SC CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

As part of the initiatives towards strengthening capabilities of the SC, a series of tailored professional development programmes were conducted during FY2018 including the following:

MIBSC	SC EFTB & EGTB
<ul style="list-style-type: none"> • MFRS 9 • Future Ready (Digital & Technology) • INSEAD Artificial Intelligence & Technology Development • Group Risk Workshop 	<ul style="list-style-type: none"> • Takaful Executive Development (TED) series which covered selected topics as follows: <ol style="list-style-type: none"> Takaful Minds and Its Algorithm in the Takaful Industry Reinvigorating the Philosophy of Takaful Value Based Intermediation (VBI) In Takaful Shariah 101 Humanising Takaful Business: Redefining Ethics and Morality • Workshop on Business/Corporate Zakat Computation and Accounting Treatment

In addition to the abovementioned programmes, the MIBSC and SC EFTB & EGTB members also attended the following external programmes and events:

- 12th Muzakarah Cendekiawan Syariah Nusantara
- 13th International Shariah Scholars Forum (ISSF)
- Global Islamic Finance Forum 2018

SC ASSESSMENT

In compliance with BNM's Shariah Governance Framework, the SC undergoes the process of assessing the effectiveness of the individual members and the committee as a whole on a yearly basis. The SC annual assessment exercise is primarily based on a questionnaire distributed to the respective committee members and encompasses considerations on the effectiveness of the SC in discharging its duties.

Sustainability Statement

Our strategic priorities are anchored in our mission of Humanising Financial Services. We recognise that financial success requires us to identify and address environmental, social and ethical issues that present risks and opportunities for our business.

To integrate sustainability into our core business, we focus on impact-based solutions and on empowering communities. Maybank has a long track record of sustainability reporting. Now, our information on sustainability is presented along with financial information to demonstrate creation of long-term value and integration of environmental and social values in our business and operations.

We report our performance against our 20/20 Sustainability Plan, a five-year sustainability strategy approved in 2014. This Plan aims to generate long-lasting impact and value across three pillars: Community and Citizenship, Our People, and Access to Products and Services; and includes 10 commitments.

Last year, we assessed how the United Nation's Sustainable Development Goals (SDGs) are directly connected to our business at a working level. Linking our sustainability work to SDGs allows us to measure how we contribute to shared goals while focusing on business fundamentals.

In 2018, we made further progress especially in the areas of environment, social and governance (ESG), human capital, and community empowerment through Maybank Foundation. Group Investor Relations led a formal stakeholder engagement exercise for the Group's materiality assessment. We also engaged with external stakeholders to develop a more robust framework and increase awareness on sustainability internally.

Details of our 2018 Material Matters can be found on page 26.

20/20 Sustainability Plan Pillars

Community and Citizenship

Our People

Access to Products and Services

10 Commitments

Investing for Impact
Education | Community Empowerment
| Arts and Culture | Environmental
Diversity | Healthy Living | Disaster Relief

Employee Engagement
 Training and Development
 Safety, Health and Well-being

Talent and Leadership
 Diverse and Inclusive Workplace

Commitment to the Environment
 Focus on Customers
 Digitalisation
 Product Stewardship

Link to SDGs



OUR 20/20 SUSTAINABILITY PLAN PROGRESS 2018

Community and Citizenship

Channelled about **1% of net profit**, i.e., **RM72.91 million** to community programmes

Four flagship programmes expanded across all **10 ASEAN** countries

Phase 2 of CashVille Kidz in Cambodia has been extended to 15 schools in Phnom Penh

R.I.S.E. entered Phase 3. We aim to train a total of **6,080 individuals** with disabilities, and from marginalised communities in Malaysia, Indonesia, the Philippines and Laos

eMpowering Youths Across ASEAN is now jointly managed by Maybank Foundation and ASEAN Foundation

Maybank Foundation invested **RM1.8 million** in 2018 for the Maybank **Women Eco-Weavers Programme** in three ASEAN countries: Cambodia, Indonesia and Laos

Maybank Training & Learning Centre – extended our vocational training programme to Myanmar for another year

Maybank Foundation was a **Global Gold winner** in the Green Practices category for its efforts in tiger conservation at the **2018 Green World Environment Awards** by the Green Organisation

Our People

RM131 million invested in learning and development

Over 18,000 employees in Malaysia were upskilled to the foundational level of digital literacy through e-learning, interactive team sessions and assessments

GO Ahead. Take Charge! platform empowers employees to take charge of their career by reskilling, tailoring their working arrangements and learning entrepreneurship skills

In 2018, our employees contributed **134,718 volunteer hours** in numerous activities under Cahaya Kasih programme

Over 23,000 Maybankers across **14 countries** volunteered in the ninth edition of Global CR Day

Access to Products and Services

Upgraded Group ESG Framework to our ESG Policy and **worked further towards integrating** ESG impact on the Group's operations, products and services

Extended financial **literacy services to Maybank2u customers** through improved financial planning tools such as Goal Savings Plan, Spending Tracker and Insurance Dashboard

Continued to support first-time home-buyers and launched a new mortgage scheme – **Maybank MaxiHome Ezy** – which offers an option for lower monthly repayments in the first five years

Maintained our support for SMEs through financing under our Portfolio Guarantee Scheme of **RM2 billion**





OUR ROLE AS A TRUSTED COMPANY

Maybank's approach to sustainability is founded on sound decision-making and clear policies and systems.

Sustainability roles within Maybank

Who	Role
Maybank Group	
Board of Directors	Reviews sustainability performance and the Group's strategies on the advancement of sustainability with a focus on ESG aspects
Group Executive Committee	Deliberates and approves all key sustainability related matters
Group Risk	Oversees the overall Group Risk strategy and progress, including ESG issues and sustainability risks
Group Investor Relations	Conducts materiality assessment for the Group and communicates with investors on ESG matters
Group Corporate Affairs	Custodian of the 20/20 Sustainability Plan
Group Human Capital	Oversees overall Group Human Capital strategy and progress
Group Property, Security & Valuation	Management of resource consumption and usage including the environmental impact from business activities
Various departments	Operationalise the 20/20 Sustainability Plan in respective business and operational areas. Departments and teams provide information against measurable indicators
Maybank Foundation	
Board of Trustees	Approves and reviews programmes and performance
Chief Executive Officer	Oversees the overall strategy and progress
Maybank Foundation team	Implements and monitors Maybank's flagship community programmes based on focus areas under the Community and Citizenship pillar in our 20/20 Sustainability Plan Supports community programme partnerships and initiatives throughout the Group

Sustainability implementation progress is reviewed and discussed by the Group Executive Committee and the Board. ESG considerations have been incorporated into the Group's financing activities to effectively manage ESG risks and realise ESG opportunities. In 2018, the Board approved an ESG Policy. The Policy will solidify our efforts in enhancing the ESG impact of the Group's operations, products and services, for example through exclusion of financing activities that are deemed to have a negative impact on society. We are working towards integrating ESG more tightly into our business operations in the coming months.

Climate-related financial disclosure

We are taking a phased approach to identifying and managing climate risk. This means that we focus on having the right policies in place, understanding risk and contributing to low-carbon initiatives. This is the first year that we have incorporated a baseline for Task Force on Climate-related Financial Disclosures (TCFD).*

* TCFD disclosure will be based on baseline reporting year of FY2018.

Governance

1. Maybank established Responsible Lending Guidelines in 2015, ESG Management Framework in 2017 and ESG Policy in 2018.
2. Climate-related considerations are integrated into our Risk Management Framework as sustainability risk. Group Executive Committee and the Board have oversight of these through the Risk Committee and 20/20 Sustainability Plan.

Risk management

1. ESG risk is integrated into lending assessments.
2. We are in the process of integrating ESG into the Risk Acceptance Criteria (RAC) across the business.

Metrics and target

1. In line with Maybank's sustainability strategy, the 20/20 Sustainability Plan, we track direct environmental impacts such as our carbon footprint in Malaysia and have expanded the tracking to include Singapore (Scope 1, Scope 2 and Scope 3 for business air travel).
2. We have defined metrics to measure the footprint of resources used internally such as electricity and paper consumption.

Sustainability Reporting

We publish a comprehensive, annual Sustainability Report (SR) that is aligned with the structure and the 10 commitments defined in our 20/20 Sustainability Plan. It communicates our progress based on a set of indicators. This Sustainability Statement is a summary of our sustainability efforts. Our reporting is guided by the Global Reporting Initiative (GRI) Sustainability Reporting Standards, a globally recognised reporting framework for sustainability, as well as the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to the Sustainability Statement in Annual Reports. The scope of this statement and the SR is the same as previous years, with data covering FY2018 and operations of Maybank Group, unless stated otherwise. We started tracking our progress systematically in 2013 to enable year-on-year (YoY) comparison in key areas.

For details on Stakeholder Engagement and Material Matters, please refer to pages 25 to 27.



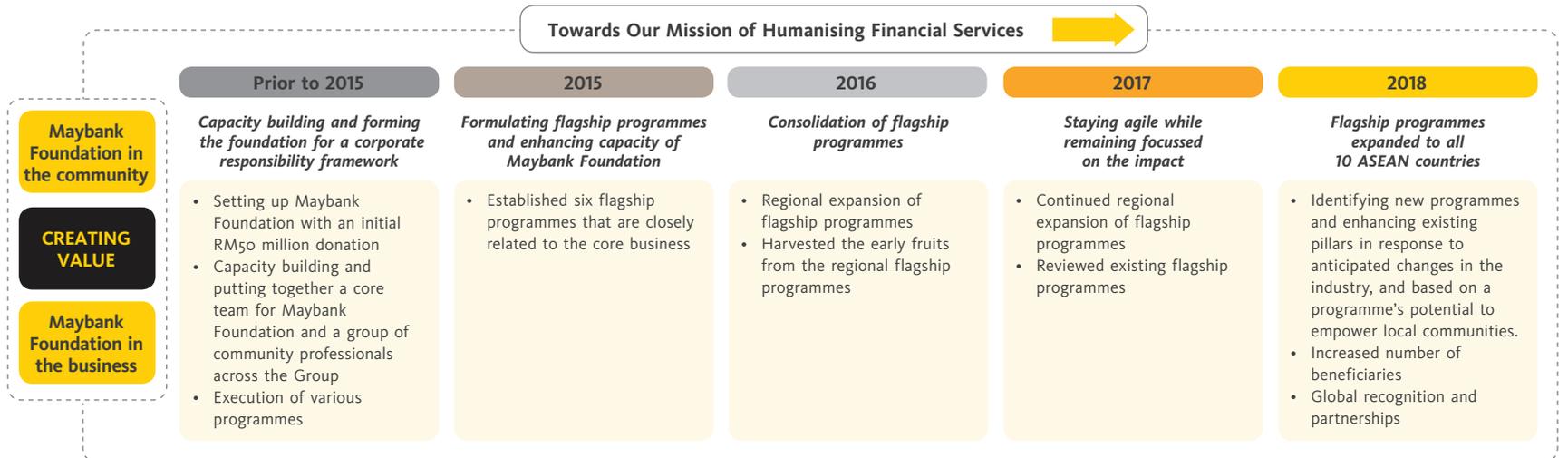
Sustainability Statement



OUR ROLE IN THE COMMUNITY

We empower the communities where we operate through targeted social investments, volunteer efforts, and long-term partnerships. The Group's community investments are managed by Maybank Foundation, in line with the priorities set out in our 20/20 Sustainability Plan.

In 2018, we channelled about 1% of net profit to community programmes. We have maintained this level of contribution since 2013. Our community investment for 2018 is approximately RM72.91 million and our community programmes extend across ASEAN. We strive to invest for impact by focusing on education, community empowerment, arts and culture, environmental diversity, healthy living and disaster relief.



MAYBANK FOUNDATION'S FLAGSHIP PROGRAMMES

CashVille Kidz



Our financial literacy programme, CashVille Kidz, is now running in two countries.

To date, our Cashville Kidz programme has reached over 160,000 students from more than 800 primary schools across all states in Malaysia and Cambodia. It has been officially recognised by the Malaysian Ministry of Education as a co-curricular subject in participating schools.

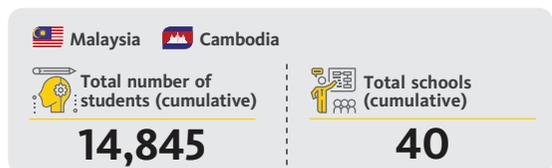
In 2018, Phase 2 of this programme extended to 15 schools in Phnom Penh, Cambodia. The four-year plan for this programme in Cambodia aims to reach 20,000 students in 40 schools across the country.

In Malaysia, the programme covered 25 schools in 2018.

Programme Impact

The programme has provided participating students with an opportunity to learn how to manage personal finances by introducing critical thinking on economics, purchases, savings, income and consumption.

In Cambodia, the programme recorded an average improvement of 25% in financial literacy scores. CashVille Kidz Malaysia exceeded its target of 50% of students improving on financial knowledge.



Reach Independence & Sustainable Entrepreneurship (R.I.S.E.)



R.I.S.E. builds the capabilities of people with disabilities through a structured training and mentoring programme. 2018 is the fourth year of this five-year programme.

Programme Impact

Against an initial target to train a total of 6,080 people over three different phases in Malaysia, Indonesia, the Philippines and Laos, we are now in the final phase where we aim to train at least 4,000 people in 2018 and 2019 across the four countries:



Phase 3 of R.I.S.E. in Malaysia was launched in December 2017 while Phase 2 of R.I.S.E. for Indonesia was launched in February 2018. The programme has trained a total of 2,901 people with disabilities in 2018. Since the pilot in 2014, a total of 5,731 people have been trained under the R.I.S.E. programme.

eMpowering Youths Across ASEAN



The eMpowering Youths Across ASEAN programme was established in 2016 as a platform to enable students from partner universities in Singapore to undertake community development initiatives around the ASEAN region. To date, the programme has benefited approximately 2,400 people across Indonesia, Laos, Vietnam and the Philippines through the efforts of 234 students and 13 projects aimed at reducing poverty in ASEAN communities. The youth-driven projects have delivered solutions to issues such as lack of water and electricity supply, poor sanitation, waste management challenges and coastal erosion in the local communities.

Programme Impact

In 2018, eMpowering Youths Across ASEAN saw continued benefits delivered to communities by projects executed in the previous year. The programme also achieved a huge milestone with the formalisation of a partnership between Maybank Foundation and the ASEAN Foundation during the 51st ASEAN Anniversary celebrations in Jakarta, Indonesia. With the partnership, the programme will gather 100 university and working youths aged 19-35 across the ASEAN region annually to develop and implement community projects that deliver tangible long-term social and economic impact. The programme is also positioned by ASEAN through ASEAN Foundation to support the ASEAN Socio-Cultural Community Blueprint 2025 and UN SDGs.

Maybank Women Eco-Weavers



Maybank Foundation invested RM1.8 million in 2018 for the Maybank Women Eco-Weavers Programme in three ASEAN countries (Cambodia, Indonesia and Laos) aimed at preserving, sustaining and promoting traditional textile making techniques in the region.

The Maybank Women Eco-Weavers programme was expanded to Laos in 2018, in addition to existing programmes in Cambodia and Indonesia.

Programme Impact

In 2018, the programme has successfully trained 482 women, who now earn an average monthly income between USD100 (RM415) and USD240 (RM996). This represents a marked increase of up to 140% in their earnings.



Maybank Training & Learning Centre (TLC)

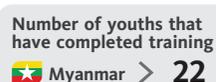
Maybank has training and learning centres operating in Myanmar and the Philippines. These centres provide local youths with critical vocational training.

We extended our vocational training programme to Myanmar by sponsoring a six-month training for selected youths in the Yangon region. The training was completed by 22 individuals. This programme, conducted from July 2017 to January 2018, is executed through a partnership with the Centre of Vocational Training (CVT) Myanmar.

Our vocational training is in line with the Myanmar Government's aspiration to create a better skilled workforce.

Programme Impact

The programme provides better prospects for disadvantaged young adults and builds goodwill with local authorities.



Arts and Culture

Menara Maybank's gallery space, Balai Seni, is the central stage for Maybank's arts and culture initiatives. In 2018, under the 'Balai Seni Art Series 2018', there were four major exhibitions and several smaller displays and talks that were held at Balai Seni.

Programme Impact

Balai

"Balai" aims to revive Balai Seni Maybank as an arts space, and to bring an eclectic mix of performing and visual arts to Maybankers. It will offer avenues for Maybank to support the arts and artists.

In 2018, the programme brought two performances to Balai Seni: a one-of-a-kind ASEAN art of story-telling through Chinese Teochew puppets by Potehi Theatre and "Nostalgia on Gamelan" featuring vocalist Stefano Chen from Hands Percussion Malaysia and other guest musicians.

Pentas

This programme, designed for Maybank employees, aims to unleash creativity and instil a culture of confidence and passion by participating in the arts. It offers opportunities to try something new at work and expand mental horizons.

Strengthening Tiger Conservation in the Belum-Temengor Forest Complex



The odds for survival are against the Malayan tiger. Just 50 years ago there were about 3,000 Malayan tigers in the wild, today there are less than 500. Maybank has taken an active role in the global movement to save the tigers.

To increase awareness on tiger protection, Maybank Foundation started a four-year collaboration with WWF-Malaysia in 2016. Under this collaboration, Maybank supports WWF's conservation programme in the Belum-Temengor Forest Complex with a sponsorship of RM5.12 million.

Progress

A total of 6,384 km has been covered by foot patrols, more than eight times the length of the North-South Expressway. 48 active snares have been dismantled, potentially saving a number of large mammals.

On average, 84 patrol days were conducted per month while 37 wildlife crime cases were reported to PERHILITAN, of which eight were acted upon.

In 2018, the activities included:

- An anti-poaching workshop by WWF-Malaysia with 33 participants.
- Six meetings to lobby for the implementation of CA|TS and 23 other major meetings to lobby for other conservation recommendations.
- 13 events/meetings to raise awareness in the Orang Asli communities, including training on sustainable livelihoods.
- Production of three videos "The Guardians of the Forest" highlighting the empowerment of Orang Asli in tiger conservation efforts in Belum-Temengor.

Programme Impact

Patrolling the area together with support from the communities has reduced poaching in the Belum-Temengor Forest Complex.

In 2018, Maybank Foundation was recognised as a Global Gold winner in the Green Practices category for its efforts in tiger conservation at the Green World Environment Awards by the Green Organisation.

Maybank also won the International Green Apple for Environmental Best Practice Awards for the tiger conservation programme in Belum-Temengor Forest Complex.



OUR COMMUNITY AND CITIZENSHIP PERFORMANCE REVIEW

20/20 SP Commitment	Focus Area	YoY Tracking																				
<p>Investing for Impact</p>	Education Supporting access to education across the region and fostering academic and non-academic excellence.	<table border="1"> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>CashVille Kidz[^] (number of students)</td> <td>53,020</td> <td>78,883</td> <td>8,984</td> <td>14,845</td> </tr> <tr> <td>CashVille Kidz[^] (number of schools)</td> <td>241</td> <td>330</td> <td>23*</td> <td>40</td> </tr> <tr> <td>Scholarships (amount disbursed) (RM)</td> <td>>14,000,000</td> <td>23,000,000</td> <td>26,751,005</td> <td>24,191,711</td> </tr> </tbody> </table> <p>* Due to the transition into a new phase of CashVille Kidz, there was a decrease in the number of students and schools reached in 2017.</p>	Year	2015	2016	2017	2018	CashVille Kidz [^] (number of students)	53,020	78,883	8,984	14,845	CashVille Kidz [^] (number of schools)	241	330	23*	40	Scholarships (amount disbursed) (RM)	>14,000,000	23,000,000	26,751,005	24,191,711
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Community Empowerment Reaching out to communities across the region through empowerment programmes.	<table border="1"> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>R.I.S.E.[^] (number of participants)</td> <td>200</td> <td>1,411</td> <td>939</td> <td>2,901</td> </tr> <tr> <td>Microfinance (KOMIDA)[^] (number of women impacted)</td> <td>2,748</td> <td>1,131</td> <td>100*</td> <td>331</td> </tr> </tbody> </table> <p>* Due to the transition to a new Microfinance partnership, there was a decrease in the number of women impacted in 2017.</p>	Year	2015	2016	2017	2018	R.I.S.E. [^] (number of participants)	200	1,411	939	2,901	Microfinance (KOMIDA) [^] (number of women impacted)	2,748	1,131	100*	331						
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[^] Maybank Foundation flagship programme

OUR COMMUNITY AND CITIZENSHIP PERFORMANCE REVIEW (CONT'D.)

20/20 SP Commitment	Focus Area	YoY Tracking			
 Investing for Impact	Arts and Culture	Promoting and preserving traditional and new forms of art and expression.			
	Year	2015	2016	2017	2018
	Number of programmes at Balai Seni	Began tracking in 2018			8
	Environmental Diversity	Preserving environmental diversity across ASEAN, particularly through tiger conservation.			
	Year	2015	2016	2017	2018
	Tiger conservation efforts (amount disbursed) (RM)	481,548	722,321	1,311,950	1,267,534
	Healthy Living	Enabling access to affordable healthcare, supporting premier sporting events in the region, and nurturing local talent.			
	Year	2015	2016	2017	2018
	Save a Child's Heart at the Regional Paediatric Heart Centre, National Heart Institute of Malaysia (number of patients)	12	16	2	32
	Disaster Relief	Supporting communities impacted by natural disasters through relief and rebuilding efforts.			
	Year	2015	2016	2017	2018
	Disaster relief contribution to MERCY Malaysia* (amount disbursed) (RM)	1,000,000	1,000,000	300,000	350,000

^ Maybank Foundation flagship programme

OUR ROLE AS A LEADING EMPLOYER

In Group Human Capital, we are relentless in our pursuit to ensure our talent are equipped with the required knowledge and skills of the future. This is critical in future-proofing the organisation.

Our mission of Humanising Financial Services forms the core of everything we do: from the way we treat our employees, the service that we provide to our customers and the community, to long-term investments that we make in developing our people personally and professionally.

For further information about our people initiatives and practices, see Group Human Capital on page 70 and Maybank Sustainability Report 2018.

Training and Development

To realise our aspiration of being The Digital Bank of Choice, we are committed to remain innovative, competitive and relevant to our customers as we move forward into the future. In 2018, we addressed the priorities that included upskilling Maybank employees for a competitive advantage and growth, through our FutureReady Digital Upskilling Programme.

- Over 18,000 employees in Malaysia have been upskilled to a foundational level of digital literacy through a suite of e-learning, interactive team learning sessions and assessments of digital literacy.
- Over 1,400 line managers have been trained to facilitate FutureReady Labs for their teams and over 19,000 employees participated in the FutureReady Labs.



RM131 million
spent on learning and development



Average training hours per employee
55.60 hours
2017: 49.84

Group Inclusiveness and Diversity Agenda (GIDA)

Maybank has already made tangible developments from the start of our people transformation journey since 2009 to ensure Maybank and Maybank employees embrace diversity and inclusion. With the introduction of Maybank's Group Inclusiveness and Diversity Agenda (GIDA), efforts were accelerated and sustained, and the framework is monitored through measures reflected on the Group EXCO scorecard.



36%
of our Board of Directors are women

Maybank's Diversity and Inclusion Policy governs all aspects of employment practices which clearly prohibits discrimination or harassment and is based on the rule of meritocracy. These values are embedded in our HR strategy and policies and are practised in our dealings with all stakeholders.

Maybank's GIDA also frames the aspirations of the development of women talent in the Group.

Year	2017	2018
Women in top management, Band D and above	31%	32%
Women in management, Band G and above	45%	46%

The Maybank Women Mentor Women (WMW) Council supports professional development for women across the Group, including increasing the representation of women in top management. It also supports the business in enhancing the delivery of products and services to female consumers.

The WMW Council's Advancing Women Leaders Programme (AWLP) is an important platform to increase women's leadership, strengthen diversity and inclusion, and contribute to Maybank's strategic goals. Designed and executed by Group Human Capital and championed by the Maybank WMW Council, this programme focuses on developing women leaders.

The first group of AWLP participants graduated in 2018. The knowledge, experience and networks gained will help them in seizing opportunities and navigating the challenges facing the finance industry today. They are also expected to become advocates and influencers of diversity and inclusion at their workplace.

GO Ahead. Take Charge!

This is a platform that helps employees adapt and be agile in a changing digital workplace where the physical location and boundaries are no longer hindrances to effective communication, collaboration and productivity.

With this platform, the Bank continues to provide opportunities while considering the experience and needs of our employees. This is reflective of our promise to humanise people management and development for increased productivity.

2,447

took Childcare Leave

476

on Flexible Work Arrangement

303

took Extended Maternity Leave

227

took Sabbatical Leave

Opportunities to Volunteer

Volunteerism is a strategic initiative and a long-standing tradition at Maybank. We believe that volunteering bridges the gap between a business and the community in a tangible manner. Cahaya Kasih (CK) is Maybank's main platform for volunteerism.

In the ninth Global CR Day held on 22 September 2018, our employees invested time and effort to be agents of change by volunteering in various initiatives in our adopted causes across communities.

a total of
23,193
employeesacross
14
countriesvolunteering in
110
initiatives**20/20 SP Commitment****YoY Tracking**

Year	2015	2016	2017	2018
Employee Engagement Platforms				
Engaging employees on issues that matter most to them is key to unlocking a value-based organisation with an agile and competitive talent pool across the region.				
Percentage of employees appraised (based on employees eligible to participate in the year-end appraisal) (%)	100	100	100	100
Percentage of Employee Engagement Survey Results (%)	Not administered	Not administered	SEI: 88% EEI: 84%	Not administered
SEI: Sustainable Engagement Index EEI: Employee Engagement Index				
Talent and Leadership				
Nurturing talent by providing appropriate support for growth and the opportunity to excel within the organisation.				
Profit before tax per employee (RM)	199,129	201,120	233,330	252,703
Succession Cover Ratio (number of successors in Mission Critical Positions)	4.57:1	4.3:1	4.3:1	4.1:1
International mobility (number of talent taking up international positions after taking part in mobility programmes)	167	159	133	101
Learning and Development				
Investing in the long-term development of Maybankers while improving capabilities across the organisation.				
Learning and development spend (RM million)	114	129	124	131
Average training hours per employee	35.00	32.00	49.84	55.60
Percentage of training sessions conducted/facilitated by employees (%)	31	63	89	96
Diverse and Inclusive Workplace				
Embracing and nurturing employees' needs and requirements within a single culture, which guides how we do business, how we work together and how we collectively deliver value across the Group.				
Women in top management, Band D and above (%)	35	30	31	32
Women in management, Band G and above (%)	47	45	45	46
Age group of workforce (%)				
<30	27	23	22	21
30-39	37	37	37	36
40-49	27	30	30	31
≥50	9	10	11	12
Total participation	24,202	22,014	25,179	36,011
• Global CR Day	16,559	15,267	20,780	23,193
• Other volunteerism efforts	7,643	6,747	4,399	12,818
Total volunteer hours	122,917	108,863	130,209	134,718
• Global CR Day	89,806	77,361	105,140	107,975
• Other volunteerism efforts	33,111	31,502	25,069	26,743
Number of Cahaya Kasih (CK) initiatives Group-wide	102	89	87	89
Total number of employees on Flexible Work Arrangement (FWA)*	315	319	372	476
• Male	100	90	108	154
• Female	215	229	264	322
* Malaysia				
Safety, Health and Well-being				
Improving safety and work-life balance.				
Total recordable injury frequency rate*	0.002	0.003	0.0015	0.0031
* Maybank Malaysia (including Maybank Kim Eng and Maybank Islamic Berhad excluding Group Insurance & Takaful as it is covered by submission from different entities). Data from our report is submitted to the Department of Operational Safety and Health (DOSHS) Malaysia on 31 January every year.				

Sustainability Statement



OUR ROLE AS A RESPONSIBLE FINANCIAL SERVICES PROVIDER

Economies, societies and the environment are intertwined, and challenges or risks faced by either one can impact the others. We believe Maybank will only thrive if elements of good governance, innovation, and environmentally-sound management are integrated into our core business.

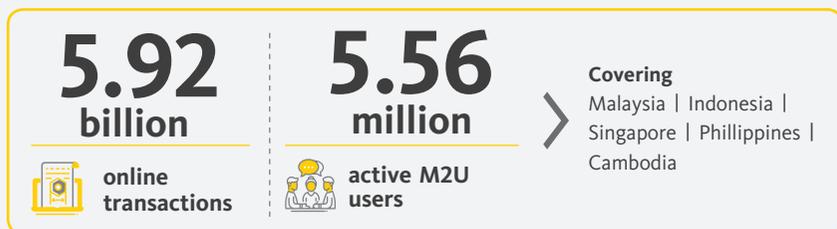
Digitalisation, access to finance and funding for small businesses that fuel growth and livelihoods remain high on our agenda. We are committed to getting to know our clients' businesses and understanding the social and environmental issues faced by the sectors that we work with.

Access to Products and Services Key Highlights

Improved Maybank2u Website and Application

Research has indicated that up to 40% of Malaysians do not plan ahead financially so we ensured the Maybank2u web portal and app are user-friendly and offer simple financial planning tools. We hope these features improve our customers' experience and ability to plan for their future. The financial planning tools include a Goal Savings Plan, Spending Tracker and an Insurance Dashboard.

The new Maybank2u site was made available on April 2018. It features an improved user interface with a customisable dashboard to track saving accounts, investments and expenses. This allows our customers to better monitor their personal finances and make informed financial decisions. The initiative garnered the Online Banking Initiative of the Year award at the Asian Banking & Finance Retail Banking Awards 2018.



Maybank MaxiHome Ezy



Maybank also launched a new mortgage scheme – Maybank MaxiHome Ezy – which offers the option of lower monthly repayments for the first five years. This new scheme is a part of our efforts to provide home-buyers, particularly first-timers, with greater flexibility and affordability to own a home. This mortgage scheme, offered by conventional and Islamic banking, allows customers to service only the interest/profit portion of their mortgage for the first five years, with full instalments commencing from the sixth year.

Engagements with SMEs

The Maybank Building Capacity & Capability (MBCC) programme has reached 1,657 participants and a total of 98 loan applications amounting to RM62.1 million have been approved. The MBCC programme ran from April to November in 2018.

In addition to the MBCC programme, we worked closely with internal and external stakeholders to further strengthen and extend our reach in the SME community: Start-up, Micro SMEs, Small-Medium and Medium-Large SMEs. A total of 4,575 participants attended these Maybank SME sessions during the year.



New Banking Experiences

Maybank Singapore Limited opened MSpace at Maybank, the first branch across our network, that combines a café with modern banking services. MSpace aims to serve the banking needs of a diverse client base. We also created an MSpace section on the Maybank App for bank customers and café visitors to browse and identify their financial needs.

HouzKEY



Maybank Islamic Bhd's HouzKEY, Malaysia's first bank-initiated rent-to-own (RTO) scheme, launched its second phase for the purchase of properties on the secondary market. Targeted at first-time home buyers and home-upgraders, HouzKEY helps to address the growing need for affordable home ownership in Malaysia. This is the first fully digitalised rent-to-own product in the country.

Portfolio Guarantee Scheme

We continued to increase our lending to SMEs in 2018. We entered into a strategic partnership with Credit Guarantee Corp Bhd (CGC) and pledged RM2 billion of funding to be channelled via CGC's portfolio guarantee (PG) scheme that offers SMEs financing without collateral. This represents another step in our long-standing collaboration with SMEs.

Etiqua

Etiqua Online Info site has been developed in terms of accessibility and capability. The Application Programming Interface (API) facilitates motor renewal via M2U and third party partners. In some locations, road tax renewal is also available online.

Etiqua Claims Express Video Assist (E-CLEVA) allows claimants to interact with Etiqua Claims Consultants directly and remotely via a video call. It also fast-tracks the claims process for windscreen damages, minor car accidents and home damages. Etiqua claimants can also initiate their claims process via WhatsApp. This is a convenient, low-cost, and reliable channel where customers receive immediate assistance and feedback when making a claim.

Further details of improved customer engagement tools and methodologies are detailed in the Sustainability Report 2018.

We introduced new products, such as:

- SmartSave, an investment-linked plan with a medical benefit add-on, giving Maybankers the opportunity to save and enjoy medical coverage upon retirement.
- Smart Wealth is a regular premium investment plan that helps customers plan their legacy for their children while growing their wealth for retirement. It covers Death and Total and Permanent Disability (TPD) until the age of 100 and 69 respectively, with either full or limited premium payment term options.
- TripCare 360, a comprehensive travel insurance or takaful for local and international travels.
- Buddy Personal Accident, a comprehensive personal accident coverage for individuals living different lifestyles, from young females to extreme sports enthusiasts.



Access to Products and Services Key Highlights (cont'd.)

Responsible Lending

Maybank's Responsible Lending Guidelines have been in place since 2015. The ESG Framework was approved by the Board in July 2018, and consequently renamed the ESG Policy. This ESG Policy was operationalised throughout the Group in 2018. We have incorporated ESG principles and issues into our financing practices across our businesses in all countries to effectively mitigate the ESG risk for new credit applications. Periodic reviews are also performed.

Group Risk established and incorporated the ESG Policy and the Risk Acceptance Criteria for Palm Oil in July 2018. This has been rolled out to businesses and countries across Maybank Group for implementation. Similar criteria for other sectors, such as oil and gas, forestry and mining are currently being developed.

To improve consistency, we are also in the midst of developing FAQs and capacity building exercises for relationship managers to ensure that there is clarity in communications and implementation.

Direct Environmental Impact

We are mindful of the environmental footprint of our own operations. We continue to make improvements in the way we measure and reduce our environmental impact and encourage business units to run relevant initiatives.

Every year, we improve the tracking of our environmental impact across the countries where we operate. In 2017, selected premises in Singapore were included in our carbon footprint monitoring. In 2018, we improved our data tracking methods.

We will continue to monitor our carbon footprint. We have participated in the CDP (formerly the Carbon Disclosure Project) for seven years, and we are committed to this process and will keep disclosing our carbon footprint.

Further details in our Sustainability Report 2018.

ACCESS TO PRODUCTS AND SERVICES PERFORMANCE REVIEW

20/20 SP Commitment

YoY Tracking

<p>Focus on Customers</p>	<p>Understanding the interaction between social issues and financial products to develop effective and affordable solutions for the community.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Customer experience</td> <td>Retained leading position in the Market on both Net Promoter Score (NPS) and Relationship Strength Index (RSI)</td> <td>Remained among the top five leading banks in terms of our customer loyalty and relationship strength</td> <td>Maintained our lead position as the preferred financial institution in the country</td> <td>Sustained a runaway lead as the preferred financial institution</td> </tr> <tr> <td>Retail SME financing (RM billion) in Malaysia</td> <td>10.2</td> <td>12.6</td> <td>15.0</td> <td>17.1</td> </tr> </tbody> </table>	Year	2015	2016	2017	2018	Customer experience	Retained leading position in the Market on both Net Promoter Score (NPS) and Relationship Strength Index (RSI)	Remained among the top five leading banks in terms of our customer loyalty and relationship strength	Maintained our lead position as the preferred financial institution in the country	Sustained a runaway lead as the preferred financial institution	Retail SME financing (RM billion) in Malaysia	10.2	12.6	15.0	17.1					
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<p>Digitalisation</p>	<p>Enabling technology to meet the increasingly complex requirements of a growing sophisticated customer base.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Number of M2U active users (million)*</td> <td>2.97*</td> <td>3.93*</td> <td>4.73*</td> <td>5.56*</td> </tr> <tr> <td>Number of online transactions (billion)</td> <td>2.07*</td> <td>2.90*</td> <td>4.33*</td> <td>5.92*</td> </tr> <tr> <td>Amount (RM billion)</td> <td>173.6</td> <td>260.5*</td> <td>341.8*</td> <td>435.6*</td> </tr> </tbody> </table> <p>* Data covering Malaysia, Indonesia, Singapore, the Philippines and Cambodia. * New indicator.</p>	Year	2015	2016	2017	2018	Number of M2U active users (million)*	2.97*	3.93*	4.73*	5.56*	Number of online transactions (billion)	2.07*	2.90*	4.33*	5.92*	Amount (RM billion)	173.6	260.5*	341.8*	435.6*
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Event Highlights 2018

JANUARY

18-19 JANUARY

Maybank Indonesia launched its SuperKidz Banker programme aimed at educating elementary schoolchildren on basic banking.

18 JANUARY

Maybank launched its cashless mobile payment option using QR codes – called “Maybank QRPay” at the Karnival Kewangan Kedah 2018 – the first by a bank in Malaysia.

19 JANUARY

Maybank Foundation expanded its “Maybank Women Eco-Weavers” programme to Laos, making it the third country in ASEAN to have such an initiative.

23-24 JANUARY



Bursa Malaysia and Maybank co-organised the 14th Invest Malaysia. 61 large to mid-cap PLCs, and over 1,000 local and regional fund managers with a total estimated Assets Under Management (AUM) of USD17.2 trillion participated in the conference.

FEBRUARY

6-7 FEBRUARY



Maybank Investment Bank was the main sponsor of the Securities Commission Malaysia's Fifth World Capital Markets Symposium 2018.

21 FEBRUARY

Maybank Indonesia organised a forum entitled “Malaysia-Indonesia Bilateral Trade through Local Currency Settlement”, following its nomination as an Appointed Cross Currency Dealer (AACD) by Bank Indonesia and Bank Negara Malaysia.

26 FEBRUARY

Maybank Foundation and Maybank Indonesia launched its economic empowerment programme, Reach Independence and Sustainable Entrepreneurship (R.I.S.E.) for the differently-abled in Yogyakarta.

MARCH

8 MARCH

A total of 31 women artists showcased their talents in a special art exhibition entitled “RRRWARRR!!!: Maybank's Emerging Women Artists Show 2018” in conjunction with International Women's Day 2018.

11-13 MARCH

Maybank Philippines was a sponsor of the #ChooseMalaysia Malaysia Promotion Programme of the Malaysia Trade Office (MATRADE) in the Philippines, through participation in two major events: the Malaysia Business Forum and Citarasa Malaysia Expo.

27-28 MARCH



Maybank Kim Eng hosted its flagship investor conference Invest ASEAN Singapore 2018, which attracted over 800 delegates including 57 corporates and 132 funds from across the globe totalling USD16.3 trillion in AUM.

29 MARCH

Maybank Indonesia signed a strategic partnership agreement with the Indonesian Agency for Creative Economy (Bekraf) aimed at improving banking access and the creative economy ecosystem in Indonesia.

29 MARCH

Maybank Indonesia launched its ATM/debit card linked to the National Payment Gateway to support the realisation of a safe, smooth, efficient and reliable national payment system.

APRIL

17 APRIL

Maybank launched its new refreshed M2U website that simplified banking experience even more.

24 APRIL



Maybank Islamic was a sponsor of the Bonds, Loans, Sukuk Middle East 2018 – a finance and investment conference in Dubai. The event brought together 1,200 issuers, borrowers, investors and bankers to discuss developments of bonds, syndicated loans and sukuk markets.

APRIL

24 APRIL

Maybank Indonesia signed a strategic partnership with the Association of Indonesian Hajj Umrah and Inbound Organisers (Asphurindo) to provide a shariah hedging facility for hajj and umrah travel agents.

27 APRIL

Maybank launched a new mortgage scheme – Maybank MaxiHome Ezy – with the option of lower monthly repayments for the first five years, as part of efforts to provide home-buyers, particularly first-timers, with greater flexibility and affordability to own a home.

MAY

2 MAY

Maybank Philippines hosted an Executive Forum on Cybersecurity which saw 230 attendees from the banking, finance and information technology industries.

3 MAY



Maybank partnered Manchester United to launch the world's first-of-its-kind app called Football Fan Game App. This app is aimed at extending the digital capabilities and features of Maybank's card offerings and strengthening the bank's leadership in the cards business.

3 MAY



Maybank Islamic launched the World Mastercard Ikhwan Card-i, a prestigious Shariah-compliant card which provides card members with the opportunity to give back to the community. Under its charity element, Maybank Islamic will contribute 0.2% of the transaction (capped at RM100 a month) for every purchase made overseas. This contribution will be distributed to the underprivileged community.

BUSINESS

CORPORATE

CORPORATE RESPONSIBILITY

MAY

12 MAY



Maybank Islamic expanded its Regional Ramadhan Relief to six additional ASEAN countries this year with the main event taking place in Phnom Penh, Cambodia. This programme is aimed at easing the burden of the underprivileged during the fasting month.

13 MAY

Maybank Indonesia organised a Fun Walk, Fun Run, Fun Bike event to celebrate its 59th anniversary in Jakarta.

17 MAY

Maybank Asset Management Group Berhad (MAMG) completed its acquisitions of 100% equity interest in Amanah Mutual Berhad and Singapore Unit Trusts Limited from Permodalan Nasional Berhad.

21 MAY



Maybank and Grab, a leading on-demand transportation and FinTech platform in Southeast Asia, announced a strategic partnership to drive the acceptance and usage of Grab's new cashless payment method, the GrabPay mobile wallet.

31 MAY

Maybank Indonesia held a signing agreement with five Amil Zakat, Infaq, Sedekah and Waqf Institutions (LAZISWAF) in order to distribute charitable funds that can be used for community empowerment programmes.

JUNE

21 JUNE

Maybank Kim Eng hosted Invest Asia UK, an investor conference which attracted more than 400 delegates from 23 countries which included 118 funds across Europe with a combined USD19 trillion in AUM and 51 corporates from 13 countries.

22 JUNE

Bursa Malaysia and Maybank Investment Bank co-hosted Invest Malaysia London to promote Malaysia's top investment opportunities. The event brought Malaysia's top PLCs to meet with European fund managers.

25 JUNE

Maybank Group signed a strategic partnership with Asia's first centre of excellence for wealth management education, the Wealth Management Institute of Nanyang Technological University Singapore, to establish the Maybank Wealth Management Academy.

JULY

5 JULY



Maybank entered into a strategic partnership with Credit Guarantee Corporation Malaysia Berhad (CGC) to provide up to RM2 billion of financing to small & medium sized enterprises (SMEs) via CGC's portfolio guarantee (PG) scheme. This is the largest amount under the CGC PG scheme to support local SMEs in growing their businesses further.

7 JULY

Maybank was the Official Bank of the first Marvel Run Philippines 2018. About 7,000 runners participated in this fun run held at the Mall of Asia Event Grounds.

JULY

19 JULY

Maybank maintained its position as the top bank brand in Malaysia based on the 2018 Brand Finance Banking 500 Brand Value Report issued by global brand valuation and strategy consulting firm, Brand Finance. The Bank's brand value saw a 24% increase to USD3.16 billion. It also maintained its AAA- rating, and ranked the strongest bank brand in Malaysia for the fourth consecutive year.

31 JULY

Maybank Indonesia along with five other banks and shariah financial institutions signed an agreement for a loan syndicated facility for the Jakarta-Cikampek II elevated toll road construction.

AUGUST

1 AUGUST

Maybank Indonesia launched the MyArafah savings programme which is aimed at assisting customers save for their hajj or umrah pilgrimage.

3 AUGUST



Maybank IB partnered with Hands Percussion for its HANDS International Drumming Festival 2018, as part of its KataKatha CR programme in support of the arts. The concert also featured a performance by Drum for Hope, Maybank IB's social project aimed at bringing healing through drumming to refugee children.

8 AUGUST

Maybank Indonesia in collaboration with PT Allianz Life Indonesia launched an innovative savings account which offers health insurance benefits and protection for savings named MySaveR.

9 AUGUST

Maybank Foundation and the ASEAN Foundation announced the launch of the "eMpowering Youths Across ASEAN" programme to inspire and catalyse ASEAN youth volunteerism.

Event Highlights 2018

AUGUST

10 AUGUST



Maybank Foundation hosted an art exhibition titled “The Art of The Tiger” at Balai Seni Maybank, in conjunction with Global Tiger Day to raise awareness on the depleting number of tigers around the world.

13 AUGUST

Maybank Philippines and Sun Life Asset Management Company, Inc. signed a partnership for the creation of three new unit trust funds that feed into select Sun Life Prosperity mutual funds.

19 AUGUST

Maybank Philippines announced its Mobile Optimised Virtual Experiences (M.O.V.E.) campaign in conjunction with the launch of iSave, an online-only savings account that can be opened through the Maybank2u PH mobile app.

25 AUGUST

Maybank Foundation launched the expansion of the Maybank Silk Weaving Training centre in Takeo province, Cambodia. The expansion aims to further promote traditional textiles globally in a more sustainable manner, and at the same time create business opportunities for underprivileged women that will lead them to economic independence.

29 AUGUST

Maybank Philippines and Maybank Foundation took the lead in a multi-sectorial cooperation effort to advance the environment, social and governance (ESG) agenda for financial inclusion by hosting an ESG executive forum. Held in coordination with the Bangko Sentral ng Pilipinas, this forum was attended by over 200 participants who pledged to collaborate to advance ESG initiatives.

SEPTEMBER

3 SEPTEMBER



In conjunction with Malaysia’s National Day and Malaysia Day celebrations, 13 local artists showcased their artwork at Balai Seni Maybank to reflect the nation’s independence and the joy of living in a harmonious environment.

9 SEPTEMBER

Maybank Indonesia held its 7th Maybank Bali Marathon in Bali. Over 10,000 runners from 46 countries participated in this event.

12 SEPTEMBER

Maybank introduced two new digital financial planning tools on its Maybank2u website to help customers plan their savings, monitor their insurance and keep up to date on their financial goals. These features, the first-of-their-kind by a bank in Malaysia, were set to further enhance customers’ experience and ability to plan for their future.

22 SEPTEMBER

Over 20,000 Maybank employees worldwide commemorated the ninth Maybank Global CR Day where they engaged directly with the communities in their respective locations, by continuing to play a role in impacting lives and the environment through sustainable initiatives.

23 SEPTEMBER



Maybank Islamic handed over its Water, Sanitation & Hygiene (WASH) programme to three villages in Kuala Krai, Kelantan. The programme is a partnership between Maybank Islamic and MERCY Malaysia to provide clean water to 171 underprivileged households.

SEPTEMBER

24 SEPTEMBER

Maybank Foundation launched the inaugural Kuala Lumpur World International Deaf Artists Exhibition at Balai Seni Maybank. Themed “Rhythm of a Thousand Colours”, the exhibition featured works by 18 talented deaf artists from Korea, Vietnam, India, France, Italy, Russia and Malaysia.

OCTOBER

4 OCTOBER

The Monetary Authority of Singapore (MAS) granted approval to Maybank to locally incorporate its Community Financial Services business in Singapore. MAS issued a full banking licence with Qualifying Full Bank privileges to Maybank Singapore Limited, Maybank’s wholly-owned subsidiary incorporated in the republic.

9 OCTOBER



Maybank was one of three banks to co-organise the “Malaysia: A New Dawn” conference which was hosted by the Ministry of Finance. The conference brought together representatives from the Government of Malaysia and industry stakeholders to discuss broad themes for the New Malaysia’s economic, social, and sustainability outlook, and was attended by over 2,000 fund managers, investors, bankers, and corporate leaders.

12 OCTOBER

Maybank Foundation expanded its Maybank Women Eco-Weavers centre in Laos with the addition of a hostel for the women being trained in this traditional skill.

16 OCTOBER

Maybank Islamic collaborated with Islamic Relief Indonesia to build a learning and rehabilitation centre for victims of the 2016 earthquake in Aceh to empower the disabled.

BUSINESS

CORPORATE

CORPORATE RESPONSIBILITY

OCTOBER

18 OCTOBER

Maybank Foundation launched the inaugural “Maybank Women Eco-Weavers Live Exhibition” at Balai Seni Maybank featuring collaborative works from two artists from Indonesia and Malaysia and weavers from Laos, Indonesia and Cambodia.

19 OCTOBER

MAMG and BNY Mellon Investment Management launched the MAMG Asia Rising Stars Fund – a feeder fund aimed at maximising investment returns by investing in the BNY Mellon Asia Rising Stars Target Fund.

19 OCTOBER



Maybank Kim Eng Vietnam collaborated with the State Securities Commission of Vietnam to initiate the Hanoi Dialogue, an effort to gather feedback from foreign investors in line with the liberalisation of Vietnam’s capital markets. The event attracted some of the world’s largest fund investment management companies with combined AUM totalling over USD3 trillion.

25 OCTOBER

Maybank Indonesia successfully arranged Indonesia’s first ever Shariah hedging facility worth USD128 million for PT Sarana Multi Infrastruktur.

NOVEMBER

1 NOVEMBER



Maybank and KFC Malaysia announced a partnership to enable payments using Maybank QRPay at KFC restaurants, making the brand the first largest quick service restaurant chain in Malaysia to offer the convenience of payment using QR codes through the Maybank app.

NOVEMBER

2 NOVEMBER



Maybank Islamic pledged RM500,000 to sponsor children from underprivileged families with heart diseases to undergo surgery at the National Heart Institute (IJN).

5 NOVEMBER

Maybank successfully completed the transfer of its Community Financial Services business in Singapore from Malayan Banking Berhad’s Singapore Branch to Maybank Singapore Limited, a Singapore-incorporated subsidiary. The Global Banking business continues to operate under Maybank’s Singapore Branch.

13 NOVEMBER

MAMG and Schroder Investment Management (Singapore) Ltd, launched a long-term strategic partnership to co-develop a range of specialist investment solutions for the growing and increasingly sophisticated wealth market in Malaysia.

21 NOVEMBER

Maybank signed a three-year Memorandum of Understanding with the Office of the Mayor in Singapore to launch the “Maybank Family Fund @ CDC”. Maybank Singapore Limited and Etiqa Insurance committed SGD1.55 million to the five Community Development Councils over three years to financially empower vulnerable families and improve their livelihoods and employability.

22 NOVEMBER



Maybank Foundation launched its final art exhibition for the year entitled ‘PURE Painting: An Exposition of Non-Figurative Art’ at Balai Seni Maybank featuring works from 24 local artists specialising in abstract art.

NOVEMBER

22 NOVEMBER

Maybank Singapore introduced a new branch concept with the launch of MSpace at Maybank, located at Orchard Shopping Centre in Singapore. This is the first branch across the Maybank network to encompass a tenanted café and aims to engage a younger crowd as well as to serve wealth clients who frequent the shopping belt.

23-25 NOVEMBER

Maybank Indonesia acted as a main sponsor for DISRUPTO, a digital event where start-ups, tech companies and established institutions gather and engage to explore potential collaboration.

DECEMBER

3 DECEMBER



Maybank Islamic organised its third Leaders’ Insight Series discussion on Islamic Finance and its linkages to the real economy at the Islamic Arts Museum, Kuala Lumpur.

18 DECEMBER



Maybank became the first bank in Malaysia to offer customers real-time viewing and top-up of their ASNB accounts via its online banking and mobile platforms as well as its network of 2,700 ATMs and Self-Service Terminals around the country. It was also the first to enable customers to view their ASNB account balances and history of last five transactions instantly via M2U.

Key Awards & Recognition

GROUP AWARDS

The Malaysia Investor Relations Awards (MIRA) 2018

- Best Quality of Annual Reports/Formal Disclosure
- Best CFO for Investor Relations (Large Cap)

The MerComm Annual Report Competition (ARC)

- Banking & Financial Services: Asia / Oceania – Gold
- Specialised A.R.: Integrated AR & CSR – Gold
- Financial Data – Grand Award

The International Annual Report Design Awards (IADA)

- Integrated Presentation – Gold
- Financial Data – Bronze

Putra Brand Awards 2018

- The People's Choice in the Banking, Investment & Insurance category – Gold

Brand Finance

- Most Valuable Bank Brand

2nd ASEAN Corporate Governance Awards

- Top 50 ASEAN PLCs

The Banker – Bank of the Year Awards 2018

- Bank of the Year in Malaysia

SUSTAINABILITY

Green Apple Environment Awards

- Green Apple for Environmental Best Practice
- Green World Ambassador award

The National Volunteerism & Philanthropy Centre (NVPC)

- Champion of Good 2018

Green World Environment Award

- Tiger conservation efforts in Malaysia (Maybank Foundation)

2018 Junior Chamber International Malaysia Sustainable Development Award (JCIM SDA)

- Best Project – “No Poverty” category (R.I.S.E. programme)

10th Global CSR Summit & Awards

- Best Environmental Excellence (Maybank Foundation) – Silver (Tiger Conservation Programme)
- Excellence in Provision of Literacy & Education – Gold (Maybank Indonesia)

GROUP LEGAL

In-House Community Counsels of the Year Awards 2018

- In-House Legal Team of the Year – Corporate Social Responsibility award

Asian Legal Business (ALB) Malaysia Law Awards 2018

- Banking and Financial Services In-House Team of the Year
- Malaysian In-House Team of the Year

GROUP HUMAN CAPITAL

LIFE AT WORK Awards 2018

- Best Malaysian Organisation
- CEO Champion for Malaysian Organisation

Malaysia's 100 Leading Graduate Employers Awards 2018

- Graduate Employer of The Year
- Banking & Financial Services category (Winner)

HR Excellence Awards 2018 (Malaysia)

- Grand Winner
- Employer of the Year – Gold
- Excellence in Corporate Wellness – Gold
- Excellence in Employer Branding – Gold
- Excellence in Graduate Recruitment and Development – Gold
- Excellence in Leadership Development – Gold
- Excellence in Learning and Development – Gold
- Excellence in Talent Management – Gold
- Excellence in Women Empowerment Strategy – Gold

Graduates' Choice Awards 2018

- Overall Winner
- Banking category (Winner)
- Insurance category (Top 10)

Randstad Employer Brand Awards 2018

- Most Attractive Employer for Banking and Financial Services sector

GRADUAN Magazine

- Most Preferred Employer

Asia Recruitment Awards 2018 (Malaysia)

- Asia Recruitment Grand Winner Corporate HR Team
- Best Candidate Experience by a Corporate HR Team – Gold
- Best Employer Branding – Gold
- Best Graduate Recruitment Programme – Gold
- Best Recruitment Advertising Strategy – Gold
- Best Recruitment Innovation by a Corporate HR Team – Silver
- Best Regional Recruitment Programme – Silver
- Best Diversity & Inclusion Strategy – Silver

National Labour Day Celebration 2018

- Anugerah Majikan Berdaya Saing Global

GROUP TECHNOLOGY

IDC Financial Insights & Innovation Award 2018

- Asia's Leader in Open Banking

Annual Cards & Electronic Payments International Asia Awards 2018

- Best Technology Implementation – Front End – Secure2U

Global Retail Banking Innovation Summit & Awards 2018

- Winner for Outstanding IT Transformation – Secure2U

Asian-Oceanian Computing Industry Organization (ASOCIO) Award 2018

- Outstanding User Organisation

GROUP COMMUNITY FINANCIAL SERVICES

Asian Banking and Finance Awards 2018

- New Consumer Lending Product of the Year – Maybank Singapore

The Retail Banker International Asia Trailblazer Awards 2018

- Best Mobile Wallet Initiative (QRPay) – Channel Innovation Awards
- Best Staff Training and Development Programme – People Awards
- Maybank GO Ahead. Transform – Best CSR Initiative Award
- Excellence in SME Banking – Product and Service Awards (Maybank Cambodia PLC)
- Best Savings Plan Offering – Product and Service Awards (Maybank Cambodia PLC)
- Best Payment Innovation – Product and Service Awards (Maybank Cambodia PLC)
- Best Digital Marketing Campaign – Marketing and Communication Awards (Maybank Cambodia PLC)

Euromoney

- Best Private Banking Services in Malaysia

Global Finance Awards 2018

- Best Private Bank in Malaysia
- Best Private Bank for Islamic Services – Global
- World's Best Digital Bank – Malaysia

GROUP GLOBAL BANKING

Global Finance: World's Best Investment Banks 2018

- Best Investment Bank (Malaysia)

Euromoney Real Estate Survey 2018

- Best Bank for Real Estate Equity Finance (Malaysia)

SIAS Investors' Choice Awards 2018

- Best Retail Broker Award (Singapore)

IHAP Investment House Association of the Philippines (IHAP) Awards 2018

- Best Advisory Deal – Divestment by Petroliaam Nasional Berhad (Philippines)

Asian Banking and Finance Wholesale Banking Awards 2018

- Domestic Project Finance Bank of the Year (Malaysia)

Asian Banking and Finance Retail Banking Awards 2018

- Online Securities Platform of the Year (Malaysia)

Asian Banking and Finance Corporate & Investment Banking Awards 2018

- Equity Deal of the Year (Malaysia)
- Mergers and Acquisitions Deal of the Year (Malaysia)

Euromoney Awards for Excellence 2018

- Best Investment Bank (Malaysia)

FinanceAsia Country Awards for Achievement 2018

- Best DCM House (Malaysia)
- Best Broker (Malaysia)



Key Awards & Recognition

12th Annual Alpha Southeast Asia Best Financial Institution Awards 2018

- Best Broker in Southeast Asia (Maybank Kim Eng Group)
- Best Investment Bank (Malaysia)
- Best Bond House (Malaysia)
- Best Retail Broker (Thailand)
- Best Institutional Broker (Thailand)
- Best Institutional Broker (Singapore)
- Best Retail Broker (Philippines)
- Best Institutional Broker (Philippines)

Global Brands Magazine Awards 2018

- Fastest Growing Islamic Asset Management Company, Malaysia (Maybank Islamic Asset Management)

Bareksa Kontan Fund Awards 2018

- PT Maybank Asset Management – Best Asset Management for Money Market Fund > Rp 500 Bio – Gold
- Maybank Dana Pasar Uang Best Money Market Fund, 1 Th, AUM > Rp 500 Milyar – Gold
- Maybank Dana Ekuitas Best Equity Fund, 3 Th, AUM < Rp 200 Milyar – Silver

GROUP INSURANCE & TAKAFUL**Motor Insurance Award 2018, iBanding**

- Conventional Insurance category – Winner

Motor Insurance Award 2018, iBanding

- Takaful category – Joint Winner

Malaysian Takaful Association 2018

- Best Takaful Operator, Banca Takaful Business (Etiqua Family Takaful Berhad) category – Winner

Malaysian Takaful Association 2018

- Best Takaful Operator, General Takaful Business (Etiqua General Takaful Berhad) category – Winner

Malaysian Takaful Association 2018

- Corporate Social Responsibility Special Award – Joint Winner

The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards 2018

- Insurance Company of the Year, General Insurance, Malaysia category – Winner

The Asset Triple A Islamic Finance Awards 2018

- The Best Islamic Takaful Institution, General Takaful, Malaysia category – Winner

2018 World Finance Markets Awards

- Most Innovative Finance Firm – Singapore

International Takaful Awards 2018

- Best Takaful Company, Malaysia category – Winner

Islamic Business & Finance Awards 2018

- Best Takaful Operator, Malaysia category – Winner

Insurance Asia News Magazine 2018

- Digital Insurer of the Year, Malaysia category – Winner

GROUP ISLAMIC BANKING**Asset Triple A Islamic Finance Awards 2018**

- Islamic Bank of the Year – Asia Pacific
- Islamic Bank of the Year – Malaysia
- Best Islamic Retail Bank – Malaysia
- Islamic Bank of the Year – Singapore
- Best Islamic Retail Bank – Singapore

Islamic Financial News (IFN) Awards

- Perpetual Deal of the Year
- Project & Infrastructure Finance Deal of the Year
- Commodity Murabahah Deal of the Year
- Equity Deal of the Year
- IPO (Sukuk) Deal of the Year

CGC SME Awards 2018

- Top FI partner (Overall category)
- Top FI partner (Islamic Bank category)
- Top Bumiputera FI Partner

The Banker Awards 2018

- Islamic Bank of the Year – Asia Pacific
- Islamic Bank of the Year – Malaysia

Global Finance Awards 2018 – World's Best Islamic Financial Institutions

- Best Islamic Financial Institution
- Best Sukuk Bank
- Best Islamic Financial Institution – Asia
- Best Islamic Financial Institution – Malaysia
- Best Islamic Financial Institution – Singapore

The Islamic Business & Finance Awards

- The Best Islamic Bank in South East Asia – Maybank Islamic
- Best Digital Bank in Southeast Asia – Maybank Islamic
- Best Investment product (IA) in Southeast Asia – Maybank Islamic
- Best Retail Bank in Malaysia – Maybank Islamic

MAYBANK SINGAPORE**BENCHMARK Private Wealth Awards**

- Investment Advisory Services – Gold
- Human Capital Development – Gold

28th Private Banking International (PBI) Global Awards

- Outstanding Private Bank for Growth Strategy (Organic) – Winner
- Most Innovative Business Model – Winner
- Outstanding RM Training and Development Programme – Winner
- Outstanding Wealth Management Service for the Affluent (For Premier) – Winner
- Outstanding Wealth Management Technology Initiative – Back Office – Highly Commended
- Outstanding Private Bank – Southeast Asia – Highly Commended

Tripartite Alliance Award 2018

- Pinnacle Award
- Age Inclusive Practices – Winner
- Fair and Progressive Employment Practices – Winner
- Work-Life Excellence – Winner

National Volunteer & Philanthropy Centre (NVPC)

- Champions of Good Award 2018

Influential Brands 2018

- Top Employer Brand

People's Association Community Spirits Awards 2018

- Partners of the Community Development Council (CDC) – Excellence

MAYBANK INDONESIA**Economic Review Magazine**

- Indonesia Corporate Social Responsibility Award-II-2018 (ICSRA-II-2018) Financial Service category – Platinum

10th Annual Global CSR Summit & Awards 2018

- Excellence in Provision of Literacy & Education Award for companies with market capitalisation more than USD1 billion – Gold

Bisnis Indonesia Financial Award (BIFA) 2018

- The Most Efficient Bank for BUKU III Bank
- The Best Performance Bank for BUKU III Bank

Indonesian Banking Award (IBA) 2018

- The Most Reliable Bank
- The Best Bank in Productivity
- The Most Efficient Bank for Sharia Business Unit (UUS)

7th Infobank Sharia Awards 2018

- The Most Profitable
- Sharia Business Unit (UUS) category – Gold

13th Employer Branding Awards

- Indonesia Best Employer Brand
- Dream Employer of the Year
- Chief Human Resources Officer (CHRO) of the Year

Bank Indonesia Awards 2018

- The Best Micro, SME (UMKM) Supporting Bank for BUKU 3 and 4

7th Annual CFO Innovation Awards

- Excellence in Finance Transformation

MAYBANK CAMBODIA**9th Annual Retail Banker International Asia Trailblazer Awards 2018**

- Leadership in Product Proposition Awards Debit

2018 Asiamoney Best Banks Awards for Cambodia

- Best Bank for CSR

MAYBANK PHILIPPINES**MATRADE AWARD**

- Best Malaysian Brand – Maybank Philippines

Analysis of Shareholdings

As at 15 February 2019

Issued Share Capital	: 11,049,682,979
Class of Shares	: Ordinary Share
Number of Shareholders	: 78,333
Voting Right	: 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	6,114	7.81	211,183	0.00
100 to 1,000 shares	19,344	24.69	11,434,131	0.10
1,001 to 10,000 shares	38,727	49.44	136,087,853	1.23
10,001 to 100,000 shares	11,954	15.26	322,558,831	2.92
100,001 to less than 5% of issued shares	2,191	2.80	4,658,100,127	42.16
5% and above of issued shares	3	0.00	5,921,290,854	53.59
TOTAL	78,333	100.00	11,049,682,979	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA	3,872,928,681	35.05
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EMPLOYEES PROVIDENT FUND BOARD	1,394,912,096	12.62
3.	PERMODALAN NASIONAL BERHAD	782,323,172	7.08

TOP 30 SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA	3,871,870,081	35.04
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EMPLOYEES PROVIDENT FUND BOARD	1,267,097,601	11.47
3.	PERMODALAN NASIONAL BERHAD	782,323,172	7.08
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	440,083,379	3.98
5.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 2 – WAWASAN	254,727,272	2.31
6.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA	204,951,106	1.85
7.	CARTABAN NOMINEES (ASING) SDN BHD B/O: EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLTOD67)	121,805,539	1.10
8.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 3	114,720,526	1.04
9.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA 2	101,079,545	0.91
10.	HSBC NOMINEES (ASING) SDN BHD B/O: JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	91,739,992	0.83



TOP 30 SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D.)

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD B/O: PAMB FOR PRULINK EQUITY FUND	90,093,348	0.82
12.	HSBC NOMINEES (ASING) SDN BHD B/O: JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	89,990,737	0.81
13.	CARTABAN NOMINEES (ASING) SDN BHD B/O: GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	85,334,699	0.77
14.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD B/O: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	80,081,143	0.72
15.	VALUECAP SDN BHD	79,456,700	0.72
16.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD B/O: PLEDGED SECURITIES ACCOUNT FOR LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (CBMT3-FELDA)	76,148,750	0.69
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EXEMPT AN FOR AIA BHD.	69,449,643	0.63
18.	CITIGROUP NOMINEES (ASING) SDN BHD B/O: EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	54,395,261	0.49
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	52,593,592	0.48
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD B/O: MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	38,881,722	0.35
21.	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	38,000,000	0.34
22.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD B/O: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	35,069,960	0.32
23.	CITIGROUP NOMINEES (ASING) SDN BHD B/O: EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	30,666,345	0.28
24.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD B/O: STATE STREET LONDON FUND 26AD FOR ASIAN EQUITY FUND (IN GB ST FD)	30,115,600	0.27
25.	UOB KAY HIAN NOMINEES (ASING) SDN BHD B/O: EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	29,724,765	0.27
26.	HSBC NOMINEES (ASING) SDN BHD B/O: JPMBL SA FOR ROBECO CAPITAL GROWTH FUNDS	27,108,418	0.25
27.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD B/O: THE BANK OF NEW YORK MELLON FOR VIRTUS VONTOBEL EMERGING MARKETS OPPORTUNITIES FUND	26,979,000	0.24
28.	HSBC NOMINEES (ASING) SDN BHD B/O: HSBC BK PLC FOR SAUDI ARABIAN MONETARY AUTHORITY	24,292,712	0.23
29.	HSBC NOMINEES (ASING) SDN BHD B/O: JPMCB NA FOR MSCI EQUITY INDEX FUND B - MALAYSIA	21,808,462	0.20
30.	YONG SIEW YOON	21,204,207	0.19
		8,251,793,277	74.68



Classification of Shareholders

As at 15 February 2019

Category	No. of Shareholders		No. of Shares Held		% of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
INDIVIDUAL						
a. Bumiputera	2,930		27,501,109		0.25	
b. Chinese	53,900		419,158,013		3.79	
c. Indian	1,880		14,315,251		0.13	
d. Others	313	2,164	2,593,626	54,895,224	0.02	0.50
BODY CORPORATE						
a. Banks/Finance	78	1	6,026,327,731	140,560	54.54	0.00
b. Investment/Trust	17		1,067,455		0.01	
c. Societies	24		502,232		0.00	
d. Industrial	845	44	109,982,600	20,807,224	1.00	0.19
GOVERNMENT AGENCIES/INSTITUTION	12		48,369,821		0.44	
NOMINEES	13,314	2,805	2,236,623,513	2,087,205,187	20.24	18.89
OTHERS	6		193,433		0.00	
TOTAL	73,319	5,014	8,886,634,784	2,163,048,195	80.42	19.58



Changes in Share Capital

ISSUED SHARE CAPITAL

Details of changes in the Bank's issued share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Resultant Total Issued Share Capital
31-05-1960	1,500,000	Cash	7,500,000
18-05-1961	500,000	Cash	10,000,000
31-05-1962	1,000,000	Rights Issue (1:2) at RM7.00 per share	15,000,000
21-08-1968	1,500,000	Rights Issue (1:2) at RM7.00 per share	22,500,000
04-01-1971	22,500,000	Rights Issue (1:1) at RM1.50 per share	45,000,000
06-05-1977	15,000,000	Capitalisation of Share Premium Account (Bonus Issue 1:3)	60,000,000
23-06-1977	30,000,000	Rights Issue (1:2) at RM3.00 per share	90,000,000
21-02-1981	30,000,000	Capitalisation of Share Premium Account (Bonus Issue 1:3)	120,000,000
10-04-1981	60,000,000	Rights Issue (1:2) at RM4.00 per share	180,000,000
14-11-1984	45,000,000	Capitalisation of Share Premium Account (Bonus Issue 1:4)	225,000,000
28-12-1984	45,000,000	Rights Issue (1:4) at RM6.00 per share	270,000,000
31-11-1985	68,249	Conversion of Unsecured Notes	270,068,249
15-11-1986	9,199,999	Issued in exchange for purchase of Kota Discount Berhad (Now known as Mayban Discount Berhad)	279,268,248
01-12-1986	10,550	Conversion of Unsecured Notes	279,278,798
29-07-1987 to 20-10-1987	90,000	Exercise of Employees' Share Option Scheme	279,368,798
30-11-1987	11,916	Conversion of Unsecured Notes	279,380,714
08-06-1988	27,938,071	Capitalisation of Share Premium Account (Bonus Issue 1:10)	307,318,785
30-11-1988	10,725	Conversion of Unsecured Notes	307,329,510
16-03-1989 to 21-06-1989	9,198,206	Exchange for Kwong Yik Bank Berhad shares	316,527,716
11-07-1989 to 23-11-1989	7,555,900	Exercise of Employees' Share Option Scheme	324,083,616
30-11-1989	46,174,316	Conversion of Unsecured Notes	370,257,932
01-12-1989 to 24-10-1990	4,508,900	Exercise of Employees' Share Option Scheme	374,766,832
16-11-1990	187,383,416	Capitalisation of Share Premium Account (Bonus Issue 1:2)	562,150,248
27-11-1990	11,550	Exercise of Employees' Share Option Scheme	562,161,798
30-11-1990	280,497	Conversion of Unsecured Notes	562,442,295
03-01-1991	3,300	Exercise of Employees' Share Option Scheme	562,445,595
03-01-1991	188,991,002	Rights Issue (1:2) at RM5.00 per share	751,436,597
04-01-1991	4,950	Rights Issue (1:2) upon ESOS at RM5.00 per share	751,441,547
25-01-1991 to 28-11-1991	726,000	Exercise of Employees' Share Option Scheme	752,167,547
30-11-1991	35,197	Conversion of Unsecured Notes	752,202,744
11-12-1991 to 20-05-1992	5,566,000	Exercise of Employees' Share Option Scheme	757,768,744
30-11-1992 to 30-11-1993	3,153,442	Conversion of Unsecured Notes	760,922,186

Changes in Share Capital

ISSUED SHARE CAPITAL (CONT'D.)

Details of changes in the Bank's issued share capital since its incorporation are as follows:- (cont'd.)

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Resultant Total Issued Share Capital
18-01-1994	380,461,093	Capitalisation of Share Premium Account (Bonus Issue 1:2)	1,141,383,279
29-12-1994	2,030,428	Conversion of Unsecured Notes	1,143,413,707
19-06-1998	1,143,413,707	Capitalisation of Share Premium and Retained Profit Account (Bonus Issue 1:1)	2,286,827,414
21-09-1998 to 09-10-2001	72,909,000	Exercise of Employees' Share Option Scheme	2,359,736,414
23-10-2001	1,179,868,307	Capitalisation of Retained Profit Account (Bonus Issue 1:2)	3,539,604,721
25-10-2001 to 05-08-2003	60,567,200	Exercise of Employees' Share Option Scheme	3,600,171,921
29-09-2004 to 14-02-2008	304,058,100	Exercise of Employees' Share Option Scheme	3,904,230,021
20-02-2008	976,057,505	Capitalisation of Share Premium Account (Bonus Issue 1:4)	4,880,287,526
27-02-2008 to 30-10-2008	859,625	Exercise of Employees' Share Option Scheme	4,881,147,151
27-04-2009	2,196,516,217	Rights Issue (9:20) at RM2.74 per share	7,077,663,368
29-07-2009 to 26-08-2009	319,400	Exercise of Employees' Share Option Scheme	7,077,982,768
20-12-2010	244,257,623	Dividend Reinvestment Plan at RM7.70 per share	7,322,240,391
12-05-2011	155,965,676	Dividend Reinvestment Plan at RM7.70 per share	7,478,206,067
05-07-2011 to 09-12-2011	10,000	Exercise of Employees' Share Scheme	7,478,216,067
28-12-2011	161,221,416	Dividend Reinvestment Plan at RM7.30 per share	7,639,437,483
10-01-2012 to 26-01-2012	3,600	Exercise of Employees' Share Scheme	7,639,441,083
26-03-2012 to 09-05-2012	8,100	Exercise of Employees' Share Scheme	7,639,449,183
04-06-2012	202,854,119	Dividend Reinvestment Plan at RM8.00 per share	7,842,303,302
28-06-2012 to 08-10-2012	12,233,400	Exercise of Employees' Share Scheme	7,854,536,702
11-10-2012	412,000,000	Private Placement	8,266,536,702
16-10-2012 to 22-10-2012	52,400	Exercise of Employees' Share Scheme	8,266,589,102
25-10-2012	173,144,233	Dividend Reinvestment Plan at RM8.40 per share	8,439,733,335
30-10-2012 to 28-05-2013	38,147,500	Exercise of Employees' Share Scheme	8,477,880,835
29-05-2013	201,462,948	Dividend Reinvestment Plan at RM8.80 per share	8,679,343,783
29-05-2013 to 24-10-2013	47,955,100	Exercise of Employees' Share Scheme	8,727,298,883
25-10-2013	130,326,898	Dividend Reinvestment Plan at RM9.20 per share	8,857,625,781
25-10-2013 to 29-05-2014	24,164,342	Exercise of Employees' Share Scheme	8,881,790,123
30-05-2014	229,810,271	Dividend Reinvestment Plan at RM8.95 per share	9,111,600,394
02-06-2014 to 27-10-2014	40,406,200	Exercise of Employees' Share Scheme	9,152,006,594
28-10-2014	165,329,047	Dividend Reinvestment Plan at RM9.30 per share	9,317,335,641
28-10-2014 to 25-05-2015	12,748,542	Exercise of Employees' Share Scheme	9,330,084,183
26-05-2015	203,533,085	Dividend Reinvestment Plan at RM8.70 per share	9,533,617,268
27-05-2015 to 02-11-2015	5,681,100	Exercise of Employees' Share Scheme	9,539,298,368



ISSUED SHARE CAPITAL (CONT'D.)

Details of changes in the Bank's issued share capital since its incorporation are as follows:- (cont'd.)

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Resultant Total Issued Share Capital
12-11-2015	222,451,959	Dividend Reinvestment Plan at RM7.50 per share	9,761,750,327
13-11-2015 to 06-01-2016	2,500	Exercise of Employees' Share Scheme	9,761,752,827
07-01-2016 to 12-05-2016	11,859,359	Exercise of Employees' Share Scheme	9,773,612,186
02-06-2016	235,139,196	Dividend Reinvestment Plan at RM8.35 per share	10,008,751,382
13-06-2016 to 15-07-2016	76,600	Exercise of Employees' Share Scheme	10,008,827,982
24-10-2016	184,371,435	Dividend Reinvestment Plan at RM7.25 per share	10,193,199,417
25-10-2016	500	Exercise of Employees' Share Scheme	10,193,199,917
06-03-2017 to 05-06-2017	85,593,770	Exercise of Employees' Share Scheme	10,278,792,849
06-06-2017	243,599,777	Dividend Reinvestment Plan at RM8.25 per share	10,522,392,626
06-06-2017 to 30-10-2017	74,474,300	Exercise of Employees' Share Scheme	10,596,866,926
01-11-2017	181,677,352	Dividend Reinvestment Plan at RM9.00 per share	10,778,544,278
02-11-2017 to 08-02-2018	59,317,400	Exercise of Employees' Share Scheme	10,837,861,678
09-02-2018 to 29-06-2018	107,334,516	Exercise of Employees' Share Scheme	10,945,196,194
30-10-2018	104,486,785	Dividend Reinvestment Plan at RM8.80 per share	11,049,682,979



Properties Owned by Maybank Group

Area	No. of Properties		Land Area (sq. m.)	Book Value as at 31.12.2018 RM'000
	Freehold	Leasehold		
Maybank				
Kuala Lumpur	14	15	50,293.09	183,232
Johor Darul Takzim	31	11	18,786.42	61,677
Kedah Darul Aman	11	4	5,813.83	7,883
Kelantan Darul Naim	1	6	1,993.00	4,197
Melaka	-	4	2,763.00	2,962
Negeri Sembilan Darul Khusus	8	7	21,350.92	6,848
Pahang Darul Makmur	10	14	12,467.00	10,191
Perak Darul Ridzuan	13	12	10,559.85	13,981
Perlis Indera Kayangan	1	3	1,475.00	1,027
Pulau Pinang	22	3	13,211.52	19,657
Sabah	-	18	15,058.18	24,507
Sarawak	9	31	9,182.04	31,320
Selangor Darul Ehsan	24	17	103,876.64	115,597
Terengganu Darul Iman	6	2	4,329.00	3,722
Hong Kong	-	2	193.00	HKD790
London	-	6	1,017.00	£4,028
Singapore	9	12	20,218.70	SGD83,979
Aurea Lakra Holdings Sdn Bhd (Formerly known as Mayban P.B. Holdings Sdn Bhd)				
Johor Darul Takzim	2	1	1,330.00	1,462
Pahang Darul Makmur	1	2	595.41	786
Perak Darul Ridzuan	1	1	857.74	2,134
Pulau Pinang	1	-	445.93	604
Sabah	-	1	257.62	970
Sarawak	-	1	314.00	746
Selangor Darul Ehsan	2	1	1,269.13	2,509
Maybank International (L) Ltd				
W.P. Labuan	-	3	901.37	USD161
ETIQA				
Kuala Lumpur	2	4	24,258.47	1,160,000
Johor Darul Takzim	1	-	286.00	2,910
Kedah Darul Aman	2	1	1,127.97	2,597
Melaka	-	1	452.00	4,200
Negeri Sembilan Darul Khusus	3	1	1,659.64	2,895
Pahang Darul Makmur	2	1	18,334.57	3,013
Sabah	-	1	222.22	3,700
Selangor Darul Ehsan	1	-	510.49	5,600
Maybank Kim Eng				
Singapore	-	2	1,609.50	SGD100,781
USA	1	-	299.33	USD5,003
PT Bank Maybank Indonesia Tbk				
Indonesia	188	-	117,698.20	IDR2,464,117,774



List of Top 10 Properties Owned by Maybank Group

As at 31 December 2018

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Land Area (sq.m.)	Year of Acquisition	Net Book Value RM'000
Etiqa Twins No. 11 Jalan Pinang Kuala Lumpur	28-storey Twin Office Buildings	Office & Rented out	Freehold	-	23 years	6,612.00	1994	350,000
Menara Etiqa No. 3, Jalan Bangsar Utama 1 Off Jalan Bangsar Kuala Lumpur	38-storey Office Building	Office & Rented out	Leasehold 99 years	88 years (expiring 27.11.2106)	0.25 year	4,636.00	1997	337,000
Dataran Maybank No. 1 Jalan Maarof Kuala Lumpur	2 Blocks of 20-storey and a block of 22-storey Office Buildings	Office & Rented out	Leasehold 99 years	67 years (expiring 3.12.2085)	17 years	9,918.00	2000	304,733
50 North Canal Road Singapore	Office Building	Office	Leasehold	88 years (expiring 2106)	7 years	1,283.30	2007	SGD81,908
Maybank Tower 2 Battery Road Singapore	32-storey Office Building	Office	Leasehold 999 years	807 years (expiring 2825)	16 years	1,135.70	1962	SGD57,275
Lot 153, Section 44 Jalan Ampang Kuala Lumpur	Commercial Land	Open carpark	Freehold	-	-	3,829.00	2008	124,000
Menara Maybank 100, Jalan Tun Perak Kuala Lumpur	58-storey Office Building	Head office & Rented out	Freehold	-	30 years	35,494.00	1978	96,219
Akademi Etiqa 23, Jalan Melaka Kuala Lumpur	25-storey Office Building	Office & Rented out	Leasehold 99 years	47 years (expiring 2065)	22 years	1,960.47	1994	74,000
48 North Canal Road Singapore	Office Building	Office	Leasehold	93 years (expiring 2111)	6 years	326.20	2012	SGD18,873
Jl. Pemuda No. 150 Semarang Jawa Tengah Indonesia	3-storey Office Building	Branch & Regional Jawa Tengah	Freehold	-	28 years	2,675.00	1990	IDR116,552,581

Corporate Information

BOARD OF DIRECTORS

DATUK MOHAIYANI SHAMSUDIN
PJN, SSAP
Non-Independent Non-Executive Director
(Chairman)

DATUK ABDUL FARID ALIAS *FCB*
DMSM, DPNS
Non-Independent Executive Director
(Group President & Chief Executive Officer)

DATUK R. KARUNAKARAN
DSDK, DMSM, KMN, AMN, BKT
Senior Independent Non-Executive Director

CHENG KEE CHECK
Non-Independent Non-Executive Director

EDWIN GERUNGAN
Independent Non-Executive Director

NOR HIZAM HASHIM
DSM
Independent Non-Executive Director

DR. HASNITA DATO' HASHIM
PhD
Independent Non-Executive Director

ANTHONY BRENT ELAM
Independent Non-Executive Director

CHE ZAKIAH CHE DIN
Independent Non-Executive Director

FAUZIAH HISHAM
Independent Non-Executive Director

SHARIFUDDIN KHALID
Independent Non-Executive Director

COMPANY SECRETARIES

WAN MARZIMIN WAN MUHAMMAD
(LS0009924)

FARIZ ABDUL AZIZ
(LS0007997)

REGISTERED OFFICE

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, Malaysia

Tel : (6)03-2070 8833
: 1300-88-6688 (Local)
(6)03-7844 3696 (Overseas)
(Maybank Group Customer Care)
(6)03-2074 8075
(Customer Feedback & Resolution
Management)
Fax : (6)03-2032 4775
(Group Investor Relations)
: (6)03-2711 3421
(Customer Feedback & Resolution
Management)
: (6)03-2031 0071
(Group Corporate Secretarial)
: 1300-88-8899 (Local) /
(6)03-7845 9858 (Overseas)
(Maybank Group Customer Care)

SWIFT : MBBEMYKL
Website : <http://www.maybank.com>
Email : corporateaffairs@maybank.com
cfrm@maybank.com

SHARE REGISTRAR

Malayan Banking Berhad
14th Floor, Menara Maybank
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50050 Kuala Lumpur, Malaysia

Tel : (6)03-2074 7822
Fax : (6)03-2031 0071

Tricor Investor & Issuing House Services Sdn Bhd
(For General Meetings of the Company @ Dividend
Reinvestment Plan)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 17 February 1962)

TICKER CODE

Bursa Malaysia MYX:1155
Bloomberg MAY MK EQUITY
Reuters MBBM.KL

EXTERNAL AUDITORS

Ernst & Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

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Fax : (6)03-2095 9076 / 78

FINANCIAL YEAR END

31 December



COMMERCIAL BANKING

Malayan Banking Berhad

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Fax : (6)03-2031 0071
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Email : corporateaffairs@maybank.com

**Malayan Banking Berhad
Singapore Branch**

2 Battery Road, Maybank Tower
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Tel : 1800-629 2265;
(65) 6533 5229 (Overseas)
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Email : cs@maybank.com.sg

**Malayan Banking Berhad
Hong Kong Branch**

29/F, Lee Garden Three
1 Sunning Road, Causeway Bay, Hong Kong
Tel : 852-35188888
Fax : 852-35188889

**Malayan Banking Berhad
Beijing Branch**

32nd Floor, China World Tower A
No. 1, Jianguomenwai Avenue
Beijing, China 100004
Tel : 86-108 5351855
Fax : 86-108 5351825

**Malayan Banking Berhad
Kunming Branch**

Unit 3-4, 23rd Floor, The Master
No. 1, Chongren Street
Kunming, Yunnan, P.R. China 650021
Tel : 86-871 63605300
Fax : 86-871 63662061

**Malayan Banking Berhad
Shanghai Branch**

Room 03-04, 6th Floor, BRICS Tower
No. 333 Lujiazui Ring Road
Pudong New District
Shanghai, China 200120
Tel : 86-216 028 7688
Fax : 86-216 886 1032 / 0132

**Malayan Banking Berhad
Shenzhen Branch**

Unit 01, 07-08, 37 / F, AVIC Center
No. 1018 Huafu Road
Futian District, Shenzhen
Guangdong, P.R.C
Tel : 86-755 8326 3300
Fax : 86-755 8325 7509

**Malayan Banking Berhad
Ho Chi Minh City Branch**

Sun Wah Tower
9th Floor, 115 Nguyen Hue Street
District 1 – Ho Chi Minh City
Vietnam
Tel : 84-2-8-3827 8165 / 8196 / 8197 / 8198
84-2-8-3821 9919 / 9917

Malayan Banking Berhad

Hanoi Branch
Suite 909, Floor 9
Corner Stone Building
16 Phan Chu Trinh Street
Hoan Kiem District
Hanoi, Vietnam
Tel : 84-2-4-3824 1791
84-2-4-3934 5041 / 5042

Malayan Banking Berhad

Maybank Vientiane Lao PDR Branch
Lot 43, 45 & 47 Lane Xang Avenue
Hatsady Village, Chantabouly District
PO Box 1663 Vientiane, Lao PDR
Tel : 856 21 263 100 / 263 101
Fax : 856 21 263 113

Malayan Banking Berhad

Maybank Nongduang Branch
Nongduang Village
Sikhottabong District
Vientiane Capital, Lao PDR
Tel : 856 21 258 160 / 258 161
Fax : 856 21 258 162

Malayan Banking Berhad

Yangon Branch
7th Floor Centrepoint Towers
No. 65 Corner of Sule Pagoda Road & Merchant
St Kyauktada Township
Yangon, Union of Myanmar
Tel : 95 1 377 526 / 95 1 381 173
Fax : 95 1 377 527

Malayan Banking Berhad

London Branch
Ground & Part 1st Floor
77 Queen Victoria Street
London EC4V4AY
Tel : 44-20-7638 0561
Fax : 44-20-7638 9329

Malayan Banking Berhad

New York Branch
11th Floor, 400 Park Avenue
New York, NY 10022
United States of America
Tel : 1-212-303 1300
Fax : 1-212-308 0109

Malayan Banking Berhad

Bandar Seri Begawan Branch
Unit 5-8, Simpang 22
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Negara Brunei Darussalam
Tel : 673-2-242 494 / 242 495 / 242 496
Fax : 673-2-225 404 / 673-2-226 101

Maybank Islamic Berhad

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Tel : (6)03-2297 2001
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PT Bank Maybank Indonesia Tbk.

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Fax : (62)-21-2922 8799
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Maybank Singapore Limited

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Fax : (62)-21-250 6445
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Maybank Philippines Incorporated

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Website : www.maybank.com.ph

Maybank International Labuan Branch

Level 16 (B), Main Office Tower
Financial Park Labuan, Jalan Merdeka
87000 Wilayah Persekutuan Labuan
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Fax : (6) 087-414 806
Website : www.maybank.com

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Kingdom of Cambodia
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Fax : (855)-23-210 099
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INVESTMENT BANKING

Maybank Investment Bank Berhad

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BinaFikir Sdn Bhd

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Maybank Kim Eng Securities Pte. Ltd.**

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Helpdesk Tel : +65-6432 1888
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Maybank ATR Kim Eng Securities, Inc**

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Fax : +91-22 6623 2604

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New York, NY 10022
USA
Tel : 1-212-688-8886
Fax : 1-212-688-3500

Anfaal Capital

2898, Prince Mohammed bin Abdulaziz Street
(Tahlia St.)
Al Khalidiah District, Unit 2
Postal Code 23421 – 6199
Jeddah, Saudi Arabia
Tel : +966 12 606 8686
Fax : +966 12 606 8787

INSURANCE & TAKAFUL

Maybank Ageas Holdings Berhad

Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 3888
Fax : (6)03-2297 3800
Website : www.etiqa.com.my
Email : info@etiqa.com.my

Etiqua General Insurance Berhad

Etiqua Family Takaful Berhad
Etiqua Life Insurance Berhad
Etiqua General Takaful Berhad
Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 3888
Fax : (6)03-2297 3800
Website : www.etiqa.com.my
Email : info@etiqa.com.my

Etiqua Life International (L) Ltd

Etiqua Offshore Insurance (L) Ltd
Brumby Centre, Lot 42
Jalan Muhibbah, 87000 Labuan F.T.
Tel : (6)087-582 588 / (6)087-417 672
Fax : (6)087-583 588 / (6)087-452 333
Website : www.etiqa.com.my
Email : info@etiqa.com.my

Etiqua Insurance Pte. Ltd.

One Raffles Quay
#22-01 North Tower, Singapore 048583
Tel : (65)-6336 0477
Fax : (65)-6339 2109
Website : www.etiqa.com.sg
Email : customer.service@etiqa.com.sg

ASSET MANAGEMENT

Maybank Asset Management Group Berhad

5th Floor, Tower A
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 7833
Fax : (6)03-2297 7997
Website : www.maybank-am.com

Maybank Asset Management Sdn Bhd

5th Floor, Tower A
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 7836
Fax : (6)03-2715 0071
Website : www.maybank-am.com

Maybank Islamic Asset Management Sdn Bhd

5th Floor, Tower A
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 7872
Fax : (6)03-2297 7998
Website : www.maybank-am.com

Maybank Private Equity Sdn Bhd

5th Floor, Tower A
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 7887
Fax : (6)03-2297 7878
Website : www.maybank-am.com

Maybank Asset Management Singapore Pte Ltd

50 North Canal Road
#03-01 Singapore 059304
Tel : +65 6231 5080
Fax : +65 6339 1003
Website : www.maybank-am.com.sg

PT. Maybank Asset Management

Sentral Senayan 3, Mezzanine Floor
Jl. Asia Afrika No. 8, Gelora Bung Karno Jakarta
Jakarta 10270 Indonesia
Tel : (62) 21 8065 7700
Fax : (62) 21 8065 7702
Website : www.maybank-am.co.id

Amanah Mutual Berhad

5th Floor, Tower A
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 7842
Fax : (6)03-2297 7997

MAM DP Ltd

Unit Level 13 (A), Main Office Tower
Financial Park Labuan, Jalan Merdeka
87000 Federal Territory of Labuan
Tel : 60 87 451688
Fax : 60 87 453688

Singapore Unit Trusts Limited

50 North Canal Road
#03-01 Singapore 059304
Tel : +65 6231 5080
Fax : +65 6339 1003
Website : www.maybank-am.com.sg

OTHERS

Maybank Trustees Berhad

8th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : (6)03-2078 8363
Fax : (6)03-2070 9387
Website : www.maybank.com
Email : securitiesservices@maybank.com.my

Maybank (Nominees) Sendirian Berhad
Maybank Nominees (Tempatan) Sdn Bhd
Maybank Nominees (Asing) Sdn Bhd

8th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : (6)03-2070 8833 / (6)03-2074 8158
Fax : (6)03-2032 1505

Maybank Securities Nominees (Tempatan) Sdn. Bhd.**Maybank Securities Nominees (Asing) Sdn. Bhd.**

Level 5, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel : (6)03-2297 8888
Fax : (6)03-2710 2575



Notice of the 59th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 59th Annual General Meeting (AGM) of Malayan Banking Berhad (Maybank/the Company) will be held at Ballroom@mySpace1, Level 3, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur, Malaysia on Thursday, 11 April 2019 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESSES:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of a final single-tier dividend of 32 sen per ordinary share in respect of the financial year ended 31 December 2018. **(Ordinary Resolution 1)**
3. To re-elect the following Directors, each of whom retires by rotation in accordance with Articles 103 and 104 of the Company's Constitution and being eligible, offers himself for re-election:-
 - (i) Datuk Abdul Farid Alias **(Ordinary Resolution 2)**
 - (ii) Datuk R. Karunakaran **(Ordinary Resolution 3)**
 - (iii) Mr. Cheng Kee Check. **(Ordinary Resolution 4)**
4. To re-elect the following Directors, each of whom retires in accordance with Article 107 of the Company's Constitution and being eligible, offers herself/himself for re-election:-
 - (i) Puan Fauziah Hisham **(Ordinary Resolution 5)**
 - (ii) Encik Shariffuddin Khalid. **(Ordinary Resolution 6)**
5. To approve the following payment of Non-Executive Directors' fees from the 59th AGM to the 60th AGM of the Company:-
 - (i) Chairman's fee of RM610,000 per annum;
 - (ii) Vice Chairman's fee of RM440,000 per annum;
 - (iii) Director's fee of RM295,000 per annum for each Non-Executive Director;
 - (iv) Board Committee Chairman's fee of RM75,000 per annum for the Chairman of each Board Committee; and
 - (v) Board Committee Member's fee of RM45,000 per annum for each member of a Board Committee. **(Ordinary Resolution 7)**
6. To approve an amount of up to RM3,104,400 as benefits payable to eligible Non-Executive Directors from the 59th AGM to the 60th AGM of the Company. **(Ordinary Resolution 8)**
7. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 9)**

AS SPECIAL BUSINESSES:

To consider, and if thought fit, to pass the following Ordinary Resolutions:-

8. **AUTHORITY TO DIRECTORS TO ISSUE NEW ORDINARY SHARES IN MAYBANK (MAYBANK SHARES)**

"THAT subject always to the Companies Act, 2016 (Act), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot Maybank Shares at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Maybank Shares to be allotted pursuant to the said allotment does not exceed ten percent (10%) of the total number of issued shares of the Company as at the date of such allotment and that the Directors be and are hereby authorised to obtain all necessary approvals from the relevant authorities for the allotment and listing and quotation of the additional shares so allotted on Bursa Malaysia and that such authority to allot Maybank Shares shall continue to be in force until the conclusion of the next annual general meeting of the Company." **(Ordinary Resolution 10)**



Notice of the 59th Annual General Meeting

9. ALLOTMENT AND ISSUANCE OF NEW ORDINARY SHARES IN MAYBANK (MAYBANK SHARES) IN RELATION TO THE RECURRENT AND OPTIONAL DIVIDEND REINVESTMENT PLAN THAT ALLOWS SHAREHOLDERS OF MAYBANK (SHAREHOLDERS) TO REINVEST THEIR DIVIDEND TO WHICH THE DIVIDEND REINVESTMENT PLAN APPLIES, IN NEW MAYBANK SHARES (DIVIDEND REINVESTMENT PLAN)

“THAT pursuant to the Dividend Reinvestment Plan as approved by the Shareholders at the Extraordinary General Meeting held on 14 May 2010, approval be and is hereby given to the Company to allot and issue such number of new Maybank Shares for the Dividend Reinvestment Plan upon such terms and conditions and to such persons as the Directors may in their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Maybank Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price (VWAMP) of Maybank Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and that such authority to allot and issue Maybank Shares shall continue to be in force until the conclusion of the next annual general meeting of the Company;

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company.”

(Ordinary Resolution 11)

10. To transact any other business of the Company for which due notice shall have been received in accordance with the Act.

BY ORDER OF THE BOARD

WAN MARZIMIN WAN MUHAMMAD (LS0009924)

FARIZ ABDUL AZIZ (LS0007997)

Company Secretaries

Kuala Lumpur

13 March 2019

Notes:

1. A member entitled to attend, speak and vote at this Annual General Meeting (AGM) is entitled to appoint proxy(ies) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of a proxy.
2. (i) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (Authorised Nominee) may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company (Maybank Shares) standing to the credit of the said Securities Account.
(ii) Notwithstanding the above, for an exempt Authorised Nominee which holds Maybank Shares for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, under its common seal or in some other manner approved by its directors.
5. The duly completed instrument appointing a proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Wednesday, 10 April 2019 at 10.00 a.m.
6. For an instrument appointing a proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.
7. For the purpose of determining a member who shall be entitled to attend the AGM in accordance with Article 56(1) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 29 March 2019. Only a member whose name appears on the Record of Depositors as at 29 March 2019 shall be eligible to attend the AGM or appoint proxy(ies) to attend and vote on his/her behalf.

Notice of the 59th Annual General Meeting

8. Explanatory notes on Ordinary Businesses:-

(i) Audited Financial Statements for the financial year ended 31 December 2018

The Audited Financial Statements are laid for discussion only in accordance with Section 340(1)(a) of the Companies Act, 2016 (Act) and will not be put forward for voting.

9. (i) Ordinary Resolution 1 – Payment of Final Single-Tier Dividend

The proposed final single-tier dividend as per Ordinary Resolution 1 consists of a cash portion of 15 sen per ordinary share and an electable portion of 17 sen per ordinary share. The electable portion can be elected to be reinvested into new Maybank Shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 36 of the Audited Financial Statements for the financial year ended 31 December 2018.

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final single-tier dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval. The Book Closure Date will be announced by the Company after this AGM.

(ii) Ordinary Resolutions 3, 5 and 6 – Assessment of Independence of Independent Directors

The independence of Datuk R. Karunakaran, Puan Fauziah Hisham and Encik Shariffuddin Khalid, who have served as Independent Non-Executive Directors of the Company have been assessed by the Nomination and Remuneration Committee and affirmed by the Board.

(iii) Ordinary Resolution 7 – Payment of Non-Executive Directors' Fees

The proposed fees to be paid to Non-Executive Directors from this AGM to the next AGM of the Company is based on the following fee structure which had been earlier approved by the shareholders at the 58th AGM:-

	Annual Fee (RM)	Date of Shareholders' Approval
Board		Approved at the 58 th AGM held on 12 April 2018
- Chairman	610,000	
- Vice-Chairman	440,000	
- Member	295,000	
Board Committee		
- Chairman	75,000	
- Member	45,000	

(iv) Ordinary Resolution 8 – Benefits Payable to Non-Executive Directors

The benefits payable to Non-Executive Directors comprise allowances, benefits-in-kind and other emoluments payable to them, details of which are as follows:

- (a) Meeting Allowance
 - Board Members – RM4,000 per meeting
 - Board Committee Members – RM4,000 per meeting
- (b) Duty Allowance
 - Chairman of the Board - RM40,000 per month
- (c) Company Car and Driver
 - Chairman of the Board
 - Vice-Chairman of the Board (based on maximum taxable rate)
- (d) Other Benefits
 - Includes benefits that are claimable or otherwise, including golf club membership, leave passage for the Chairman of the Board and other facilities made available by the Company to eligible Non-Executive Directors.

The proposed amount of RM3,104,400.00 to be paid as benefits to eligible Non-Executive Directors from this AGM to the next AGM of the Company is the same amount approved at the 58th AGM.

10. Explanatory notes on Special Businesses:-

(i) Ordinary Resolution 10 – Authority to Directors to Issue Maybank Shares

The Company has not issued any new Maybank Shares under the general mandate for allotment of shares pursuant to Section 75 of the Act which was approved at the 58th AGM held on 12 April 2018 and will lapse at the conclusion of this AGM.

The proposed Ordinary Resolution 10 is a general mandate to be obtained from the shareholders of the Company at this AGM and if passed, will empower the Directors pursuant to Section 75 of the Act to allot Maybank Shares of up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company as at the date of such allotment of shares without having to convene a general meeting. This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

The general mandate from shareholders is to provide the Company the flexibility to undertake any share issuance during the financial year without having to convene a general meeting. The rationale for this proposed mandate is to allow for possible share issue and/or fund raising exercises including placement of shares for the purpose of funding current and/or future investment project, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new Maybank Shares on urgent basis and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

(ii) Ordinary Resolution 11 – Dividend Reinvestment Plan

This proposed Ordinary Resolution 11 if passed, will give authority to the Directors to allot and issue Maybank Shares pursuant to the Dividend Reinvestment Plan in respect of dividends declared at this AGM and subsequently, and such authority shall expire at the conclusion of the next AGM of the Company.

Statement Accompanying Notice of the 59th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Directors who are standing for re-election at the 59th AGM

The details of the Directors who are standing for re-election at the 59th AGM are provided in the “Board of Directors’ Profiles” set out on pages 78 to 81 of this Annual Report. Details of their interests in the securities of Maybank are set out in the Directors’ Report on pages 24 to 25 of the Financial Statements book of the Annual Report 2018.

2. Ordinary Resolutions on Authority to Issue Maybank Shares

Details on the authority to issue and allot Maybank Shares pursuant to Section 75 of the Companies Act, 2016 are provided under the explanatory notes on special businesses in the Notice of the 59th AGM set out on pages 132 to 134 of this Annual Report.



Financial Calendar

2018

28 FEBRUARY

Announcement of audited results of Maybank and the Group and announcement of the final dividend of 32 sen per ordinary share consisting of cash portion of 18 sen and an electable portion of 14 sen per ordinary share which can be elected to be reinvested into new ordinary shares in accordance with the Dividend Reinvestment Plan in respect of the financial year ended 31 December 2017

14 MARCH

Notice of the 58th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2017

27 MARCH

Notice of the Extraordinary General Meeting

12 APRIL

58th Annual General Meeting
Extraordinary General Meeting

- All resolutions tabled at the meetings were duly passed
- Abridged minutes of meetings are available on Maybank Group's corporate website www.maybank.com

28 MAY

Announcement of unaudited results of Maybank and the Group for the first quarter of the financial year ended 31 December 2018

7 JUNE

Book closure for determining the entitlement of final dividend in respect of the financial year ended 31 December 2017

2 JULY

Announcement of the cancellation of the application of Dividend Reinvestment Plan on the electable portion of the final dividend in respect of financial year ended 31 December 2017

6 JULY

Payment of final dividend in respect of the financial year ended 31 December 2017

30 AUGUST

Announcement of unaudited results of Maybank and the Group for the second quarter of the financial year ended 31 December 2018 and announcement of the interim dividend of 25 sen per ordinary share consisting of cash portion of 15 sen and an electable portion of 10 sen per ordinary share which can be elected to be reinvested into new ordinary shares in accordance with the Dividend Reinvestment Plan in respect of the financial year ended 31 December 2018

2 OCTOBER

Book closure for determining the entitlement of interim dividend in respect of the financial year ended 31 December 2018

30 OCTOBER

Payment of interim dividend in respect of the financial year ended 31 December 2018

29 NOVEMBER

Announcement of unaudited results of Maybank and the Group for the third quarter of the financial year ended 31 December 2018

2019

26 FEBRUARY

Announcement of audited results of Maybank and the Group and announcement of the final dividend of 32 sen per ordinary share consisting of cash portion of 15 sen and an electable portion of 17 sen per ordinary share which can be elected to be reinvested into new ordinary shares in accordance with the Dividend Reinvestment Plan in respect of the financial year ended 31 December 2018

13 MARCH

Notice of the 59th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2018

11 APRIL

59th Annual General Meeting



Form of Proxy

For the 59th Annual General Meeting



MALAYAN BANKING BERHAD
(COMPANY NO. 3813-K)
(INCORPORATED IN MALAYSIA)

NUMBER OF SHARES HELD	CDS ACCOUNT NO. OF THE AUTHORISED NOMINEE*												

Please refer to the notes below before completing this Form of Proxy.

I/We _____ NRIC/Passport/Co. No. _____
(full name in block letters)

of _____ Telephone No. _____
(full address)

a shareholder/shareholders of MALAYAN BANKING BERHAD, hereby appoint _____
(full name in block letters)

_____ NRIC/Passport/Co. No. _____

of _____
(full address)

or failing him/her _____ NRIC/Passport/Co. No. _____
(full name in block letters)

of _____
(full address)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the 59th Annual General Meeting (AGM) of Malayan Banking Berhad to be held at the Ballroom@mySpace1, Level 3, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8 Jalan Dutamas 2, 50480 Kuala Lumpur, Malaysia on Thursday, 11 April 2019 at 10.00 a.m. and any adjournment thereof for the following resolutions as set out in the Notice of the 59th Annual General Meeting:-

No.	Resolution	For	Against
Ordinary Resolutions:			
1.	To approve the payment of a final single-tier dividend of 32 sen per ordinary share in respect of the financial year ended 31 December 2018		
	To re-elect the following Directors in accordance with Articles 103 and 104 of the Company's Constitution:-		
2.	i. Datuk Abdul Farid Alias		
3.	ii. Datuk R. Karunakaran		
4.	iii. Mr. Cheng Kee Check		
	To re-elect the following Directors who retire in accordance with Article 107 of the Company's Constitution:-		
5.	i. Puan Fauziah Hisham		
6.	ii. Encik Shariffuddin Khalid		
7.	To approve the payment of Non-Executive Directors' fees from the 59 th AGM to the 60 th AGM of the Company		
8.	To approve the payment of benefits to the Non-Executive Directors from the 59 th AGM to the 60 th AGM of the Company		
9.	To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration		
10.	Authority to Directors to issue new ordinary shares in Maybank pursuant to Section 75 of the Companies Act, 2016		
11.	Authority to Directors to allot and issue new ordinary shares in Maybank in relation to the Recurrent and Optional Dividend Reinvestment Plan		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2019

Signature(s)/Common Seal of Member(s)

Number of shares held

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. A member entitled to attend, speak and vote at this AGM is entitled to appoint proxy(ies) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of a proxy.
2. (i) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (Authorised Nominee) may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company (Maybank Shares) standing to the credit of the said Securities Account.
(ii) Notwithstanding the above, for an exempt Authorised Nominee which holds Maybank Shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, under its common seal or in some other manner approved by its directors.
5. The duly completed instrument appointing a proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Wednesday, 10 April 2019 at 10.00 a.m.
6. For an instrument appointing a proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.
7. Only members whose names appear on the Record of Depositors as at 29 March 2019 shall be eligible to attend the AGM or appoint proxy(ies) to attend and vote on his/her behalf.

* Applicable to shares held through a nominee account.

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AFFIX STAMP

Share Registrar for Maybank's 59th AGM
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8 Jalan Kerinchi, 59200 Kuala Lumpur
Malaysia

Fold here

www.maybank.com