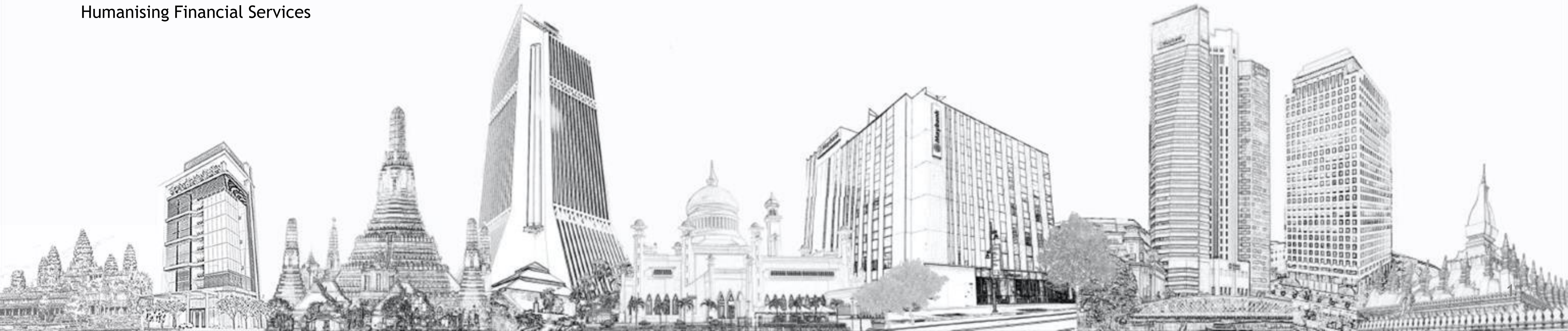
61st Annual General Meeting

Presentation to Shareholders
Questions from the Minority Shareholders Watch Group
As at 15th April 2021

Maybank

Humanising Financial Services



Operational & Financial Matters

1. **In January 2021, Maybank internally launched the M25 five-year blueprint (2021 - 2025) with three strategic priorities namely Pervasively Digital, New Value Drivers and Sustainability (page 32 of Annual Report 2020).**

   What are the key outcomes to be achieved at the end of the five-years?

   M25 is Maybank's five-year strategy from 2021 until 2025. There are three Group Strategic Priorities, namely Pervasively Digital, building New Value Drivers and driving Sustainability forward.

   By being Pervasively Digital, the Group aims to further enhance its digital services from being purely a financial services provider towards becoming our customers' lifestyle partner for their everyday use. The Group also plans to further enhance its data analytics capabilities, improve the resilience of its systems and platforms, and enable a culture that promotes agility to put itself in a better position to meet the changing demands of its customers.

   We have already implemented several initiatives with these objectives, including the launch of some digital initiatives aimed at the SME sector. In 2020, we introduced the fully online opening of business accounts, completely via Straight Through Processing (STP), until the account is opened.

In addition, we also launched in 2020 our SME Digital Financing, which enables customers to apply for loans online. Customers who qualify, based on machine learning methods developed internally, will be able to apply, obtain approval, and drawdown on the loan within a period of 5 minutes, via a completely digital experience end-to-end.

The second strategic priority in building New Value Drivers entails focus in areas with higher growth opportunities for the Group, which are aimed at collectively enhancing our long-term growth. This covers, among others, the SME and wealth segments, enhancing our trade capabilities, and embarking on further transformations on ESG and digital, all of which are aimed towards growing our customer base, generating higher and sustainable income and fortifying our propositions in the different markets we serve.

The Community Financial Services franchise will look to drive financial inclusion for SMEs through digital and data-led solutions and work towards strengthening our wealth proposition with one-stop Universal Banking solutions. Meanwhile, Global Banking will focus on digitalising the client management and credit underwriting for the wholesale banking customers. For our Islamic franchise, we will look to expand Islamic Banking from credit to investment intermediation. Meanwhile our insurance arm will scale up our digital insurance offerings, mainly in Auto and Bancassurance.

The Group’s objective on Sustainability is premised on Maybank’s mission statement of Humanising Financial Services. Under our Sustainability initiatives, Maybank Group will embark to play a more significant role to help drive change for a better world. These initiatives will see Maybank Group and Maybankers assist our partners and stakeholders on their respective Sustainability journeys. We will look to enable the transition towards a carbon neutral economy by balancing environmental and social imperatives with stakeholders’ expectations. Our focus will also be on building community resilience across ASEAN and undertaking responsible actions to promote economic development and social well-being for the communities in the region. We will continuously enhance our own internal governance, policies and procedures to maintain our lead in good governance practices and by ensuring Maybank’s ESG strategy is based on a strong foundation.

By focusing on these Strategic Priorities, the Group aims to achieve a sustainable ROE for our shareholders, offer top rated customer experience for our customers and secure regional ESG leadership impacting all our stakeholder groups, over the long-term.

For sustainable ROE, the long-term aspiration is to achieve an annual ROE ranging between 13% and 15%, by maintaining a cost-to-income ratio of under 45%, and emplacing a net cash dividend payout ratio of between 40% and 60%.

To achieve top rated customer experience, we aim to continuously improve customers' experience with the Maybank Group, which can be measured by the Net Promoter Score (NPS), among others. We will also increase the rate of digital interface and conversion rates through our digital platform.

Finally, to move towards our aspiration of becoming a regional ESG leader, we have a Sustainability Framework that indicates our long-term commitments and will be elaborated in our response to 2(a) below.

2. Under the M25 plan, Maybank will integrate the sustainability aspects into the operating models and policies.

a) In December 2020, CIMB Group Holdings Berhad was the first local bank to introduce the Coal Sector Guide which outlined its commitment to phase out coal-related financing from its portfolio by 2040.

With effect from 2021, CIMB would prohibit asset-level or general corporate financing for new thermal coal mines and coal-fired power plants, as well as expansions, except where there is an existing commitment.

Furthermore, some leading Southeast Asian banks have already established and published their sector guides for certain industries e.g., palm oil, agricultural commodities, mining, to demonstrate their commitment in embracing responsible lending and to provide stakeholders a clearer view on their approach in assessing the Environmental, Social, and Governance (ESG) risks of these particular sectors.

Will Maybank make similar commitments soon? What are the commitments made to-date and in the pipeline? Is Maybank acting fast enough to integrate ESG consideration in its financing and investing activities?

The Maybank Group believes that Sustainability is an initiative that will enable the Group to succeed in fulfilling its purpose of Humanising Financial Services.

In 2015, Maybank established a Responsible Lending Guideline to manage ESG risks, with a list of criteria that guides our lending decisions based on key ESG principles. We later expanded this guideline progressively into a more comprehensive ESG Risk Management Framework in 2016 and 2017, and subsequently endorsed it as a policy in 2018, following the Board's approval. Through this, Maybank commits to not finance activities that are deemed to be not consistent with our mission as well as international best practices, which are deemed black listed activities. In 2018, we developed Risk Acceptance Criteria (RAC) for identified high ESG risk sectors, starting with palm oil, and other sectors such as forestry & logging, oil & gas and mining & quarrying were included in 2019.

Most recently, the Group has adopted a No Deforestation, No New Peat and No Exploitation (NDPE) stance that was approved by the Board in January 2020, which applies to all relevant sectors including but not limited to palm oil, forestry & logging, construction and real estate. Specifically related to the palm oil industry, the Board has endorsed a comprehensive policy which covers no new peat planting, no deforestation by fire, and a preference for MSPO and RSPO compliance (including sound labour practices). The Group will continue to develop a comprehensive policy on other sectors as part of our sustainability strategy.

We have also made a commitment towards no financing of new coal activities, while adopting a process of transitioning together with existing borrowers to achieve sustainable renewable energy mix over the medium- to long-term.

To further support the above as well as future initiatives in driving the overall sustainability agenda, the Sustainability Framework is being developed as an overarching framework aimed at embedding the core principles of sustainability group wide. In addition to this, the Group’s overall governance structure is being reviewed with proper accountability placed at Board, Senior Management and Executive level committees. Through the overarching Sustainability Framework, the Board recently approved the following commitments:

i. We commit to mobilise RM50 billion in Sustainable Finance by 2025;
ii. We commit to improve the lives of 1 million households across ASEAN by 2025;
iii. We commit to a carbon neutral position of our own emissions by 2030; and
iv. We commit to achieve 1 million hours per annum for sustainability and delivering 1 thousand significant UN-SDG related outcomes by 2025.

The Group has integrated ESG considerations into all direct lending as well as all debt, equity and advisory services, provided directly to clients. While the Group is pragmatic in its approach in addressing ESG transition risk, we are cognisant of the need to accelerate this agenda, focusing on the Group’s portfolio makeup and ensuring that our internal operations are aligned to our principles.

To support the above commitments, we are in the midst of establishing clear, strategic and measureable goals, targets, KPIs and action plans.

b) **Presently, what are the sectors with significant ESG risks that are subjected to Maybank’s ESG Risk Acceptance Criteria (RAC)? What will be the actions taken on clients who are unable to comply with Maybank’s ESG RAC?**

   The RACs which form the Group’s ESG risk assessment currently cover four high ESG risk sectors, namely palm oil, oil & gas, forestry & logging and mining & quarrying. More RACs for other sectors will progressively come on-stream, further strengthening our commitment towards Sustainability.

   In implementing our Sustainability initiatives, the Group is adopting a responsible transition approach with our clients, through constructive engagements with clients on the merits of sustainable practices. If clients currently do not have the necessary certifications or do not meet the ESG related requirements, these clients are to provide commitments to obtain the certifications or implement sustainable practices in their business operations within specific timelines, and this will be embedded within their facility documents. However, for clients that decide not to participate towards transitioning and adopting sustainability best practices, the Group will work with these business relationships to explore other options.

3. **Despite a 4% loan growth in Malaysian portfolio, the growth of Maybank's group gross loan was flat in FY2020 at RM523.7 billion due to a 1.9% and 14.8% contraction recorded in Singapore and Indonesia.**

   What is Maybank's expected loan growth rate for the home market as well as the two key foreign operating markets in FY2021?

   The growth in Malaysia was driven by the Community Financial Services (CFS) franchise, from strong momentum in Consumer, SME and Business Banking. However, it was offset by a decline in Global Banking (GB), mainly due to contractions in revolving credit facilities and trade financing due to reduced demand, given weaker business activities during the year. Moving into 2021, we are expecting a continuation in CFS' momentum, through auto finance, Retail SME and Business Banking. GB is expected to still be subdued from the spill-over effects of the pandemic, but the trade business is likely to see a more positive outlook this year.

   The reduction in 2020 for Singapore came from GB, due to intentional paring down of exposures and loan redemptions. The decrease was also a result of our tightened credit appetite for the structured trade business which began in 2019. In 2021, Singapore's growth is expected to be driven by GB, through a focus on recalibrating the portfolio with key driver sectors and industries, as well as through its role as the trade hub to capitalise on Maybank's ASEAN franchise in connecting with Greater China.

Meanwhile, the CFS book is expected to see growth in Retail SME and Business Banking, while for Consumer, the momentum is expected to continue for mortgages.

For Indonesia, it is important to note that the decline seen in 2020 was a result of both slower growth opportunities given the pandemic, as well as the de-risking and re-profiling strategy in the Business Banking segment, implemented in late-2019. In 2021, focus will be made on maintaining healthy assets and loans growth, employing a selective approach in the GB segment especially through growth in sectors which are considered to have favourable prospects during the pandemic and the subsequent recovery phase. The Bank will also look towards adjusting the CFS Retail segment business model, which is expected to positively contribute to the Bank's profitability. For Shariah, the Bank will continue its Leveraged Business Model, including the "Shariah First" strategy which has proven to be effective in growing the Bank's Shariah portfolios.

Overall, the Group's expectation is for loans growth in the three home markets to be in-line with industry growth.

4. **The allowances for impairment losses on loans, advances, financing and other debts doubled to RM4.6 billion as compared to RM2.29 billion in FY2019, on the back of proactive provisioning taking into account the weakened macroeconomic variables and weaknesses in certain businesses and corporate accounts (page 39 of AR2020).**

   Besides, the net charge-off rate was doubled at 88 bps for FY2020 as compared to 44 bps in FY2019.

   What is the outlook for Maybank's asset quality in FY2021? Will the net credit charge-off rate and level of loan provision remain elevated in FY2021?

   A significant portion of the Group's FY2020 net allowance for losses on loans of RM4.60 billion was recognised proactively, in anticipation of the weakening credit environment based on the prevailing economic outlook. Of this, around RM950 million was set aside for management overlays from macroeconomic forecasts, while a further RM1.2 billion relates to management overlays from vulnerable borrowers impacted by the pandemic. In addition to this, the Group also topped-up provisioning for existing impaired accounts and to facilitate the write-off of some accounts in the home markets.

Provisioning levels in FY2021 is expected to remain elevated, albeit with a slight improvement from the 88 bps recognised in FY2020. The Group's net credit charge off guidance for FY2021 is between 70 bps and 80 bps, as we remain cautious on potential asset quality slippages given the uncertainty surrounding the trajectory of economic recovery in two of our home markets, Malaysia and Indonesia.

Both markets account for a collective 80% of the Group's income and have seen a challenging start to 2021 with movement restrictions imposed in the first quarter, owing to rising COVID-19 cases. As such, any momentum in economic improvement will likely only take place in the second half of the year unlike Singapore, which has seen a quicker rebound from this pandemic and likely to achieve herd immunity faster given its population size and economic structure.

Given the challenging environment, Maybank will continue to prioritise capital and liquidity strength in 2021 and maintain proactive engagements with borrowers to address asset quality concerns early on, while supporting customers who remain affected by the pandemic-induced downturn.

5. **Upon the expiry of the Targeted Repayment Assistance on 30 June 2021, how will the Bank continue to assist the specific group of borrowers who are affected by the COVID-19 pandemic?**

Movement restrictions were imposed by governments to combat the spread of the pandemic, with the hope it could be contained and people can resume with their daily activities upon the reopening of the economy.

With economic recovery being uneven, further financial assistance post-expiry of the automatic moratorium was channeled through the Repayment Assistance (RA) scheme which was rolled-out in the final quarter of 2020. This was a supportive approach towards giving individuals impacted by the pandemic-induced downturn the best chance in weathering the storm.

The Targeted Repayment Assistance (TRA) is designed to provide a similar support to individuals, but on a very selected basis for borrower groups most impacted, with both RA and TRA still available for application up to 30 June 2021. The bank will continue to engage customers prior to expiry of the RA and TRA, to identify those who may require further assistance. Subject to requirements, we will work closely together to assist them with their long-term viability.

Corporate Governance Matters

1. **Following the departure of Datuk Mohaiyani Shamsuddin as the Chairman of Maybank on 1 November 2020, Maybank has below 30% women representation on the Board (Practice 4.5 of the Malaysian Code of Corporate Governance).**

   As a Large Company, what are the actions being taken by Maybank to comply with Practice 4.5?

   As the Board and the Nomination and Remuneration Committee (NRC) fully recognise the need to recruit at least an additional female director to achieve the Bank's target of having more than 30% female directors as per its Policy on Gender Diversity, the NRC has actively carried out the aforesaid Board recruitment exercise even prior to the retirement of Datuk Mohaiyani Shamsudin. Among the actions undertaken were:

   i. Determination of the specific and desired skills set for the new director(s), premised on the outcome of the Board Effectiveness Evaluation for FY2020 and the current Board's skills matrix; and
   ii. To ensure access to a wide selection of potential candidates, referrals of curriculum vitae and/or profiles had been procured not only from internal contacts such as directors, major shareholders and management for inclusion in the Bank's Talent Pool but also from the following external resources:

a. Directors' registry via the Institute of Corporate Directors of Malaysia (ICDM); and
b. Appointment of an independent search firm to carry out a robust and objective identification of prospect candidates in the market.

The NRC is still in the midst of identifying and shortlisting suitable candidates. The shortlisted candidates are being or will be methodically assessed in terms of their background, skills and experience as well as their time commitment. This is because the Board believes that appointments on the Board will first and foremost be based on the merits and credentials of each candidate under evaluation specifically for the needs of the Maybank Group.

2. The Group has further strengthened the Clawback Provision of variable bonus and long-term incentive award in FY2020 to improve the level of rewards governance.

What are the aspects within the Provision that have been strengthened?

The governance of the provision was strengthened through the introduction of additional scenarios for clawback, as well as requirements to have a reviewing panel acting as the approving authority under each scenario. This is to ensure the decisions made on any clawbacks are fair to both the Bank and to the staff.