



Maybank

INTEGRATED ANNUAL REPORT 2022



**One of the
First Banks in
ASEAN**

to Establish Scope 3
Financed Emissions
Baseline

**Best
Digital Bank**

for CX and Leading
NPS of +24

**5th Largest
Islamic Bank
Globally**

in Terms of
Total Assets

THEME

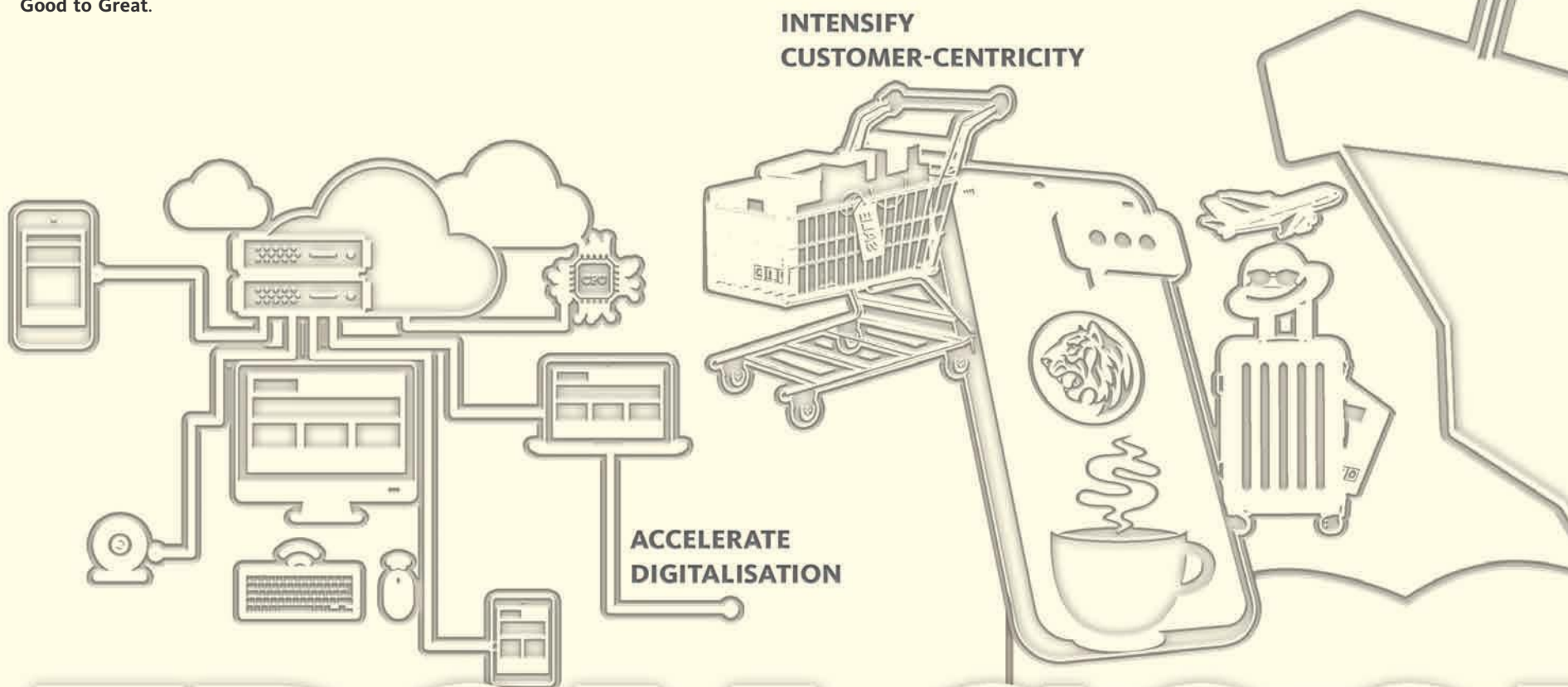
The world has evolved significantly in recent years, and especially during the pandemic which induced shock waves bringing about macroeconomic volatilities. Reacting to social restrictions, customers have adopted digital lifestyles wholeheartedly, incorporating digital technologies into practically everything they do. Meanwhile, the reality of climate change has reinforced the criticality of being sustainable.

In response to these winds of change, Maybank has taken steps to further strengthen our fundamentals by refining our long-term strategy, M25+, ensuring we remain relevant and sustainable in the long run. Committed to making a difference to the lives of our customers and the communities we serve, we are deepening our purpose of Humanising Financial Services as we deliver a differentiated customer experience and serve the community as a force for good in ASEAN.

The emphasis that we are placing our customers at the heart of everything we do is reflected in our five strategic thrusts under M25+. Most directly, we seek to **“intensify our customer-centricity”** by curating hyper-personalised products and services to create meaningful experiences throughout customers’ lifecycles. This will be driven largely by **“accelerating digitalisation and technology modernisation”**, further improving our back- and front-end systems to create integrated and expansive digital ecosystems that go beyond banking.

We will not limit our growth to our shores but will continue to develop our regional offerings and digital touchpoints to extend our market presence in ASEAN, **“strengthening Maybank’s position beyond Malaysia”**. Much of this growth will be founded on ethically differentiated offerings as we **“drive leadership in the sustainability agenda”**, accelerate our internal decarbonisation strategies and help our vendors and customers to transition to low-carbon operations. At the same time, to **“achieve true global leadership in Islamic banking”**, we will further expand our Shariah-compliant offerings to international markets, with a focus on global wealth management.

As we grow, regionally and internationally, we seek to entrench our ethical and sustainable footprint, ensuring the success of our transition **From Good to Great**.



FROM GOOD TO GREAT

1981

First Malaysian bank to set up ATMs in Malaysia, and to computerise savings and current accounts services.

1996

Pioneered bancassurance in Southeast Asia.

2009

Completed RM6 billion rights issue, the largest in Malaysian corporate history.

2010

First Malaysian bank to breach USD100 billion in total asset size and USD1 billion in profit after tax.

2014

Ranked a Top 3 company in Malaysia and Top 100 in Asia for sustainability by Channel NewsAsia.

2015

Launched MaybankFintech, a first by a Southeast Asian bank to fund tech start-ups as well as support and generate ideas in financial technology.

**DRIVE
SUSTAINABILITY
LEADERSHIP**

**STRENGTHEN
REGIONAL POSITION**

ESTATE PLANNING

PROTECTION

INVESTMENT

ZAKAT

**ACHIEVE GLOBAL ISLAMIC
BANKING LEADERSHIP**

D TO GREAT

2016

Launched MaybankHeart, a first-of-its-kind digital social fundraising platform enabling NGOs to reach a wider audience.

2017

First listed company in Malaysia with a market capitalisation of more than RM100 billion.

2019

The only Malaysian bank and one of two Malaysian companies to be included in the Top 500 Most Valuable Global Brands.

2019

Launched Maybank Tap2Phone, the first mobile app in Southeast Asia that enables small businesses, delivery and sales agents to accept card payments without any point-of-sale terminal.

2020

Opened a Maybank Islamic branch in Dubai, making it the first Malaysian Islamic bank overseas offering wholesale banking services and facilities with a reach of more than three billion people in the Middle East, Africa and South Asia.

2022

Introduced the first contactless ATM cash withdrawal service in Malaysia, providing more than 12 million Maybank ATM cardholders the convenience of withdrawing money through a QR code on their MAE app at selected Maybank ATMs nationwide.

About Our Report

OUR INTEGRATED REPORTING <IR> JOURNEY

Since Maybank's gradual adoption of <IR> in FY2016 and subsequent full adoption of <IR> in FY2019 endorsed by the Maybank Board of Directors, our Integrated Annual Report now:

Has more **impactful, quality and interconnected disclosures** demonstrating our integrated thinking. Focuses on **value-enhancing disclosures**, that also meet regulatory requirements, **for informed decision-making** by our stakeholders.

- Moves away from a 'report card' or 'ticking of boxes' approach.
- Demonstrates how our strategy, risk management, governance, business activities, performance and outlook, within the operating environment, can create value over a period of time for identified stakeholder groups.
- Displays interconnectedness and linkages across this report and others (refer to Our Suite of Reports) as well as our corporate website.
- Reduces repetitive information in this report to facilitate an easier and meaningful read.
- Static disclosures are retained on the corporate website and updated when needed.

-40% less pages
from FY2016

Concise but effective method of communication has led to reduction in pages, **reinforcing our commitment towards sustainable practices.**

Uses **FSC certified paper**, indicating it has been harvested responsibly. The paper is not bleached, which reduces carbon emissions by eliminating the release of unnecessary pollutants (acid-free, elemental chlorine free and ISO 14001 certified). Less ink usage on annual report cover by opting for a natural and subtle look and feel.

Forest Stewardship Council Certified
(Certificate code C-101533)

Reduced hard copies printed by -75%
from FY2019

Actively encouraged our shareholders to **download e-annual report** from our corporate website **to eliminate paper wastage.**

As we continue to adopt <IR> best practices, we will endeavour to reduce the carbon footprint of this report practically, in line with our aspiration to be a **Sustainability Leader in Southeast Asia (SEA).**

To download a soft copy, refer to www.maybank.com/ar or scan the QR code below.



OUR SUITE OF REPORTS

Maybank Group's Annual Report is our primary report and is supplemented by additional online disclosures for our stakeholders. The preparation of this integrated annual report is guided by the following statutory provisions, best practices, policies and guidelines by the relevant governing and regulatory bodies:



INTEGRATED ANNUAL REPORT

Provides a comprehensive overview of the Group's performance in 2022 and our outlook for 2023.

Guided by:

- Companies Act 2016
- Bursa Malaysia Main Market Listing Requirements
- Bank Negara Malaysia Corporate Governance Policy
- Malaysian Code on Corporate Governance by the Securities Commission Malaysia
- International Integrated Reporting Framework



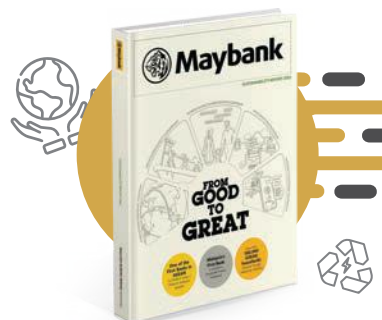
FINANCIAL STATEMENTS

Presents the full set of the Group's and the Bank's audited financial statements*.

Guided by:

- 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

* The Basel II Pillar 3 Disclosure is available on www.maybank.com/ar



SUSTAINABILITY REPORT[^]

Provides a comprehensive report of the Group's sustainability performance in relation to issues material to the Group and our stakeholders.

Guided by:

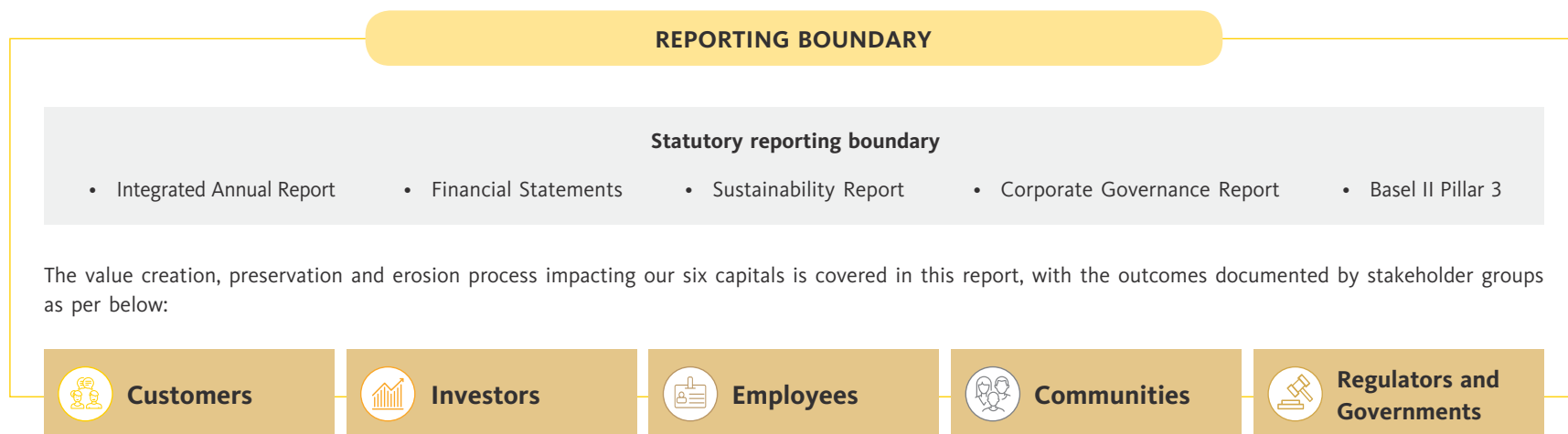
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code on Corporate Governance by the Securities Commission Malaysia
- Sustainability Reporting Guide by Bursa Malaysia
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

[^] This report is available on www.maybank.com/ar and www.maybankfoundation.com

OUR REPORTING SCOPE & BOUNDARY

This integrated annual report covers the principal activities and operations of Malayan Banking Berhad (Maybank), including the Group's business pillars and support sectors, key subsidiaries and international operations. The risks, opportunities and outcomes of our principal activities and operations are covered in detail on pages 38 to 39.

The period covered in this report is from 1 January 2022 to 31 December 2022 (Financial Year 2022) unless otherwise stated. Financial information has been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS). Any significant restatements of data from previous years are noted in the respective sections.



OUR PROCESS DISCLOSURES

A dedicated reporting team has studied the requirements of the Integrated Reporting <IR> approach and conducted content planning in determining the matters that are integral for the preparation of this report. Information included in this report has been gathered from internal and external stakeholders. The suite of reports has been prepared based on the statutory provisions, best practices, policies and guidelines established by the relevant governing and regulatory bodies (itemised by each report on page 2). These reports undergo a validation process for assurance as explained in detail below. Thereafter, the validity and suitability of the content and all issues considered material are reviewed, finalised and approved by the Board.

ASSURANCE

Internal assurance is provided through the alignment of the Group's risk, audit and compliance functions. This allows for dedicated monitoring and oversight, ensuring a robust reporting process is in place and the integrity of information disclosed. The Group's Risk Governance Structure places accountability and ownership in ensuring an appropriate level of independence and segregation of duties between the three lines of defence. More information can be found on page 108.

The Group's annual financial statements were audited by our external auditor, Ernst & Young PLT, while assurance by SIRIM QAS International Sdn. Bhd. was provided for the Group's Sustainability Report. PricewaterhouseCoopers PLT has provided independent limited assurance on Maybank's sustainable finance achievements.

MATERIALITY

We assess what information should be reported in our integrated annual report based on the principle of materiality. This report discloses our risks, opportunities, macro-trends and other considerations that impact materiality on our six capitals and our ability to create, preserve and minimise erosion of value for our stakeholders. We conduct a materiality assessment (refer to page 29) on key topics deemed pertinent to both internal and external stakeholders covering five areas including governance, environment, employees, society and products and services. This materiality assessment helps shape our long-term strategy and execution of our business model to create value-added outcomes for all stakeholders.

FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statements about Maybank's future strategy, performance, operations and prospects. These statements and expectations carry risks and uncertainties given that they are dependent on circumstances that will take place in the future. As such, these factors may cause actual results or developments to deviate materially from Maybank's forward looking statements made at the time of release of our FY2022 results. Maybank makes no representations or warranty, express or implied, that these forward looking statements will be achieved. Undue reliance should not be placed on such statements and Maybank will not assume responsibility for any loss or damage by any party arising from reliance of these statements.

BOARD'S RESPONSIBILITY STATEMENT

The Maybank Group's Executive Committee, supported by a dedicated reporting team, has sought to prepare and present this integrated annual report through a robust integrated reporting process. This is to ensure the integrity of the report and fair and balanced disclosure of matters deemed material in the Group's value creation, preservation and erosion process. The Audit Committee of the Board reviewed and recommended this report to the Board of Directors for approval.

The Board acknowledges its responsibility for ensuring the integrity of this report and is of the opinion that this report is materially presented in accordance with the International Integrated Reporting <IR> Framework issued by the International Integrated Reporting Council.

This report was approved by Maybank Group's Board of Directors on 28 February 2023.




Inside This Report

ICONS USED IN THIS REPORT






The six capitals that we use to create value:

-  Financial Capital
-  Intellectual Capital
-  Manufactured Capital
-  Human Capital
-  Social & Relationship Capital
-  Natural Capital












Our identified material matters:

-  Governance
-  Environment
-  Employees
-  Society
-  Products and Services


Our identified stakeholders:

-  Customers
-  Investors
-  Employees
-  Communities
-  Regulators and Governments













Our principal risks:

-  Credit Risk
-  Market Risk
-  Liquidity Risk
-  Non-Financial Risk
-  Information Technology (IT) Risk
-  Compliance Risk
-  Enterprise Risk
-  Model Risk
-  Financial Risk
-  Takaful & Insurance Risk
-  People & Performance Risk
-  Environmental, Social & Governance (ESG) Risk

Our five strategic thrusts:

-  Intensify Customer-centricity
-  Accelerate Digitalisation and Technology Modernisation
-  Strengthen Maybank's Position beyond Malaysia
-  Drive Leadership in Sustainability Agenda
-  Achieve True Global Leadership in Islamic Banking




Our 12 Strategic Programmes (SPs):

-  Reshape wholesale target operating model
-  Build a regional transaction banking proposition
-  Reimagine the consumer banking customer journey
-  Reimagine the SME banking customer journey
-  Build global Islamic banking leadership
-  Become a regional leader in Insurance
-  Uplift Indonesia
-  Redefine our International footprint
-  Be the Sustainability leader in SEA
-  Elevate Maybankers
-  Drive hyper-personalisation through advanced analytics
-  Build Next-Gen Technology capabilities


Related UN SDGs



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
-  Links you to related online content

Addressing COVID-19

-  This icon indicates discussions around the initiatives developed or accelerated to support our stakeholders in their recovery efforts amid an operating environment that has transitioned into the endemic phase of COVID-19

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63rd Annual General Meeting

To be held virtually and broadcasted live from:
Menara Maybank
100, Jalan Tun Perak, 50050
Kuala Lumpur, Malaysia

Date and time:
Wednesday,
3 May 2023
10.00 a.m.

Should you have any feedback on this report, please reach out to ir@maybank.com.my

Maybank's integrated annual report focuses on concise and meaningful disclosures that demonstrate our value creation process and meets regulatory requirements. Other corporate disclosures that are updated regularly on our corporate website but not included in this report are:

Maybank Corporate Updates:

- History and Milestones
- Awards & Accolades
- Group Policies, Procedures and Frameworks
- Products and Services
- Global Network Directory
- Sustainability Position Statements, Policies and Frameworks
- Social Media and News Highlights
- Media Releases

Investor Updates:

- Rating by Credit Rating Agencies
- Debt Issuances and Related Information
- Financial Statements by Subsidiaries
- Sell-side Analysts Coverage
- Details of Investor Engagements and Presentation Materials

Who We Are & What We Do

Established in 1960, Maybank is the largest financial services group in Malaysia with an established presence in the ASEAN region.

Our Purpose...

We are a **values-driven platform**, powered by a **bionic workforce** that **Humanises Financial Services**.

driven by

Our Mission...

Humanising Financial Services

Being at the heart of the community, we will:

- 01 Make financial services simple, intuitive and accessible
- 02 Build trusted partnerships for a sustainable future together
- 03 Treat everyone with respect, dignity, fairness and integrity

shaped by

Our Values...

- T**eamwork
- I**ntegrity
- G**rowth
- E**xcellence & Efficiency
- R**elationship Building

Our **Core Values, TIGER** are the guiding principles for all Maybankers to serve our mission of Humanising Financial Services.

With Our Unique Differentiators...

We serve our communities in ways that are simple, fair, inclusive and human, **embodying our mission**.



Over **43,000 Maybankers** who serve our mission, empowered by our **Core Values, TIGER**.



Our refined strategy, **M25+**, reinforces our focus across **five strategic thrusts** to drive sustainable long-term growth anchored on a deeper purpose.



And Our Structure...

In serving our mission, we provide an array of financial products and services through three key business pillars, supported by shared corporate functions across our global network of 18 countries.

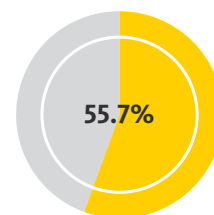
Business Pillars

Group Community Financial Services

For: Individuals, retail SMEs and mid-sized corporates.

Offers: Retail banking services such as wealth management, mortgage, auto financing, credit cards, short-term credit and long-term business loans.

Share of Group's FY2022 PBT:

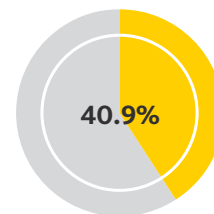


Group Global Banking

For: Large corporates and institutions.

Offers: Wholesale banking services such as transactional banking, investment banking, corporate banking, global markets and treasury, and asset management.

Share of Group's FY2022 PBT:

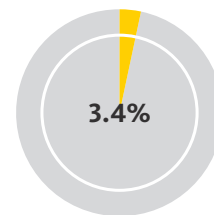


Group Insurance & Takaful

For: Individuals and corporates.

Offers: Conventional and Islamic insurance (Takaful) solutions including long-term savings and investment products.

Share of Group's FY2022 PBT:



Islamic Finance leverage model is utilised to distribute Islamic products across the Group.

Group Corporate Functions

Finance | Strategy | Technology | Operations
Compliance | Risk | Human Capital | Internal Audit
Corporate Secretarial | Legal | Sustainability

For more details about our business pillars and Islamic franchise, refer to pages 57, 60, 63 and 66

Who We Are & What We Do

We provide a full suite of conventional and Shariah-compliant products and services in commercial banking, investment banking and insurance, to over 16 million retail, non-retail and corporate customers.

Help Deliver Value Across ASEAN...

Being at the heart of ASEAN, we take a leading role in supporting our communities navigate the transition into global endemicity and a sustainable future.

RM9.8 billion

of the Group's consumer and SME loans remain under relief measures as at year-end, with repayment assistance and support measures being extended to those in need throughout the year. ❄️

RM11.7 billion

SME loans disbursed across ASEAN in FY2022, of which RM811.4 million was disbursed through the SME Digital Financing platform.

RM2.3 billion

of affordable home loans, mobilised in Malaysia in FY2022, providing home ownership accessibility to low-income households.

RM20.7 billion

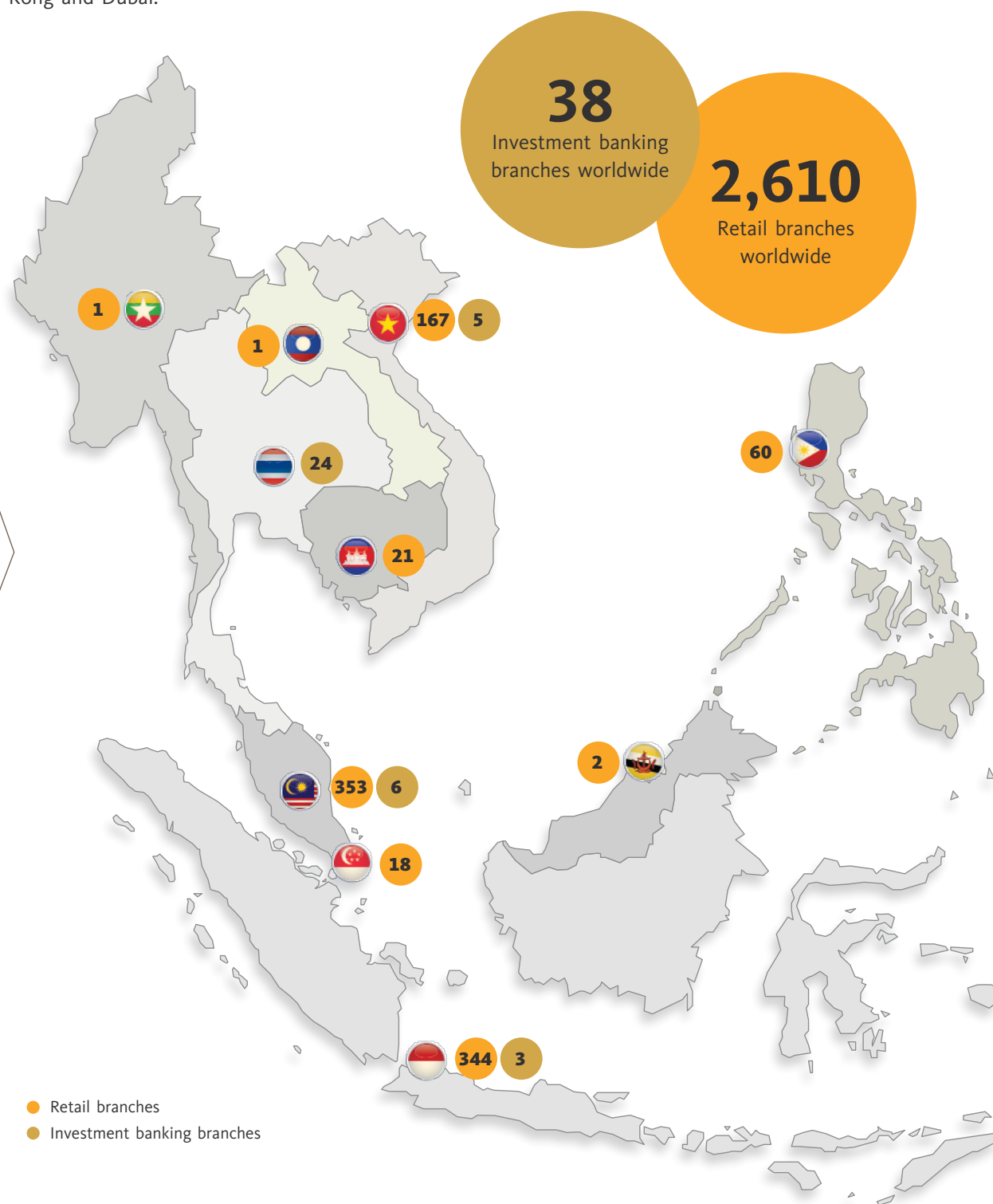
of sustainable financing mobilised in FY2022 to support the low-carbon transition initiatives and sustainable development outcomes.

Over RM1.0 trillion

transacted via Maybank's digital platforms across ASEAN in FY2022, supported by Malaysia-Cambodia, Malaysia-Singapore and Malaysia-Indonesia cross-border initiatives to promote borderless inclusivity.

And Beyond.

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



- Retail branches
- Investment banking branches

* The non-ASEAN countries are Greater China, India, Pakistan, Saudi Arabia, UAE, UK, USA and Uzbekistan

📖🌐 For more details, refer to Strategic Business Units on page 10, and www.maybank.com/en/maybank-worldwide.page

Investment Case

Our key strengths are what set us apart from others and enable us to create sustainable value for our shareholders.

A TRULY REGIONAL BANK WITH GLOBAL ACCESS

967
retail branches in
ASEAN

Over
RM1.0 trillion
transacted via Maybank's
digital platforms across
ASEAN in FY2022



- Our network has been redefined into three archetypes for focused growth based on our key strengths in different markets.
- Our well-established presence across ASEAN over 62 years means we are best positioned to extract new opportunities from a growing and emerging marketplace.

GLOBAL LEADER IN ISLAMIC BANKING

- We are well-positioned to lead Islamic Wealth Management (IWM) growth through our Singapore hub and spokes across ASEAN and the Middle East to capture the cross-border wealth management flows.
- To entrench leadership in home markets through unique Shariah offerings, best-in-class customer experience and digital distribution.

5th largest
Islamic bank globally
and the largest in
ASEAN in terms of
total assets

Ranked 4th
in Global Sukuk
League Table and 1st in
Ringgit Malaysia Sukuk
League Table

58.0 sen
Total Dividend
Per Share

84.6%
Dividend Payout
Ratio

6.7%
Dividend
Yield

SUPERIOR DIVIDEND PAYOUT AND YIELD

- We consistently deliver returns that exceed our dividend payout policy of between 40% and 60%. One of the highest dividend yielding stocks in the region.
- Our focus on driving income growth and managing cost and asset quality allow us to deliver sustainable value for shareholders.

SUSTAINABILITY LEADER IN SEA

- Drive decarbonisation agenda by establishing our financed emissions baseline and a Sustainable Product Framework to support high-emitting clients' transition while also building transition finance capabilities.
- Moving towards carbon neutrality by 2030 and Net Zero Carbon position by 2050.

Mobilising
RM80 billion
of sustainable
financing by
2025*

"AA" MSCI
ESG rating for the
second consecutive
year

Inclusion in the
Bloomberg
Gender-Equality
Index (GEI) 2022,
a recognition given
since 2017

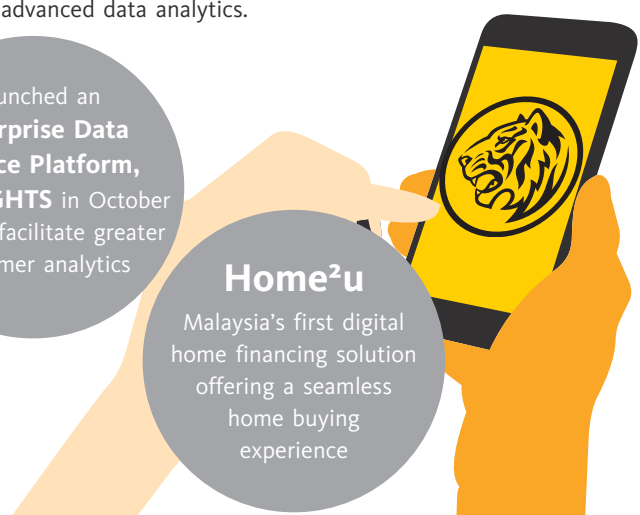


LEADING DIGITAL BANK WITH FIRST-TO-MARKET INNOVATIONS

- We invest in technology and people capabilities to ensure long-term growth and build Next-Gen competencies.
- We maintain market leadership through hyper-personalised, safe and best-in-class customer experience, enabled by robust enterprise and tech platforms leveraging advanced data analytics.

Launched an
**Enterprise Data
Science Platform,
M-INSIGHTS** in October
2022 to facilitate greater
customer analytics

Home²u
Malaysia's first digital
home financing solution
offering a seamless
home buying
experience

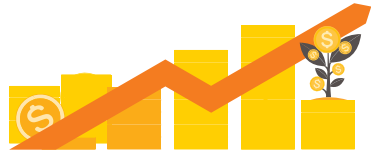


* Target for Commitment 1 has been revised from RM50 billion. Details are available in Our Strategy and Sustainability Review sections on pages 40 and 119

Highlights of 2022

REWARDING OUR SHAREHOLDERS

Net profit grew to a record of RM8.23 billion on stronger net operating income growth of 8.5% from RM25.45 billion in FY2021 to RM27.62 billion in FY2022 and improvement in net loan loss provisions from RM2.66 billion in FY2021 to RM2.19 billion in FY2022 that allowed us to continue rewarding our shareholders.



Key Messages to Shareholders on pages 13 and 17 and Reflections from Our Group Chief Financial Officer on page 44

DRIVING EXCELLENCE IN CUSTOMER EXPERIENCE

Staying true to our mission of Humanising Financial Services, we aim to provide a seamless experience with personalised solutions for our customers' evolving needs at each step of their life journeys. Customers are offered an omnichannel experience, allowing smooth navigation across various touchpoints and offerings within the same platform. Our focus on delivering a differentiated customer experience allows us to maintain our industry leadership position with a Net Promoter Score of +24 (2021: +23).



Customer Experience on page 72

ELEVATING OUR EMPLOYEES

Our employees' well-being and development remain our utmost priority as we continue to place great emphasis on mental health, building Next-Gen capabilities and embedding sustainability awareness. Our new initiatives include:

- Launched Mental Well-being Roadshow 2022 across several regions in Malaysia and Indonesia and introduced the #MindOurMinds Podcast series.
- Initiated Green Lab training and implemented the Maybank Group Self-Led Sustainability & Volunteerism Policy, whereby Maybankers may apply for one-month paid Sustainability Leave per annum with the option of one-month extension, if approved.
- Rolled out M25 Unlimited Potential (M25UP) programme to inculcate digitalisation, customer-centricity and enterprise thinking among leaders.
- RM110.9 million was invested in learning in FY2022 (FY2021: RM74.5 million), and enrolled 36,763 employees Group-wide in digital-focused FutureReady programmes (2021: 34,361 employees).

Group Human Capital on page 73

PERVASIVELY DIGITAL

Maybank continued to be the preferred digital bank in Malaysia:

- 53.1% mobile banking (2021: 56.3%) and 50.2% internet banking (2021: 49.6%) market share of Malaysia's digital transaction volume.
- Named **Best Mobile Banking** by The Asian Banker Malaysia Award 2022 and **Best Digital Bank for CX** in Malaysia by The Digital Banker.
- Launched first-to-market solutions, including ATM Cash-out, Personal Digital Financing, among others.



Pervasively Digital on page 69

ADVANCING OUR SUSTAINABILITY JOURNEY

We were one of the first banks in ASEAN to establish our Scope 3 financed emissions baseline and identify a transition strategy, bringing us closer to our net zero carbon ambition by 2050. Progress on our four sustainability commitments in FY2022 is as follows:

- Mobilised RM20.69 billion in sustainable finance, exceeding the FY2022 target of RM9 billion.
- Our community programmes benefitted 368,441 households across ASEAN which more than doubled the FY2022 target of 150,000 households.
- Reduced our Scope 1 and 2 emissions by 41% against a 2019 baseline, above the FY2022 target of 40%.
- Employees recorded 1.56 million sustainability hours, exceeding the FY2022 target of one million hours.



Key Messages to Shareholders on page 18 and Sustainability Review on page 119. FY2021 achievements for each of the sustainability commitments can be found in Key Performance Indicators on page 43

Net Profit*
RM8.23 billion
(FY2021: RM8.10 billion)

Return on Equity
10.0%
(FY2021: 9.8%)

Earnings per Share
68.8 Sen
(FY2021: 69.7 sen)

Group CET1 Capital Ratio
15.67%
(FY2021: 16.09%)

* 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 Maybank Group. Our key subsidiaries and international operations are as follows:

ISLAMIC BANKING

Maybank Group Islamic Banking (MGIB) is the largest Islamic banking group by assets in ASEAN. This position is supported by our Islamic-first approach where Shariah-compliant products and services are standard offerings. MGIB operates by leveraging the Group's system, IT infrastructure and distribution network of 352 Maybank touchpoints in Malaysia, and has a presence in Indonesia, Singapore, Hong Kong, the United Kingdom (UK) and the United Arab Emirates (UAE).

INSURANCE & TAKAFUL

Etiqa is a leading insurance and Takaful business in ASEAN, offering a full range of Life and General insurance policies as well as Family and General Takaful plans via more than 10,000 agents, 46 branches and 17 offices. It also has a bancassurance network comprising over 490 branches, cooperatives, brokers and online platforms across Malaysia, Singapore, Indonesia, the Philippines and Cambodia.

INVESTMENT BANKING

Maybank Investment Banking Group (Maybank IBG) is the leading home-grown investment bank in ASEAN, comprising Maybank Investment Bank Berhad and Maybank IBG Holdings Limited, the latter having licensed entities in Singapore, Thailand, the Philippines, Indonesia, Vietnam, Hong Kong, India and UK. Collectively, Maybank IBG has a network of nine offices, 38 branches and 102 touchpoints offering investment banking, advisory, broking and prime broking services, as well as bottom-up macro, sector, company and ESG research.

ASSET MANAGEMENT

Maybank Asset Management Group Berhad (MAMG) operates in Malaysia, Singapore and Indonesia, offering conventional, Islamic, environmental, social and governance (ESG) and alternative investment solutions for corporate, institutional and mass retail investors as well as high net worth (HNW) individuals.

INTERNATIONAL OPERATIONS

MAYBANK SINGAPORE

Maybank Singapore Limited (MSL), our Singapore-incorporated subsidiary, is recognised as a domestic systemically important bank (D-SIB) with Qualifying Full Bank (QFB) privileges. MSL operates the retail and commercial businesses in 18 branches and has access to over 200 ATMs across the country as part of atm⁵, Singapore's only shared ATM network among six participating QFBs. Meanwhile, Maybank's Singapore Branch operates the corporate and institutional businesses in nine branch locations. Maybank Singapore contributed 13.9% and 25.2% to the Group's profit before tax and gross loans* respectively in FY2022.

MAYBANK INDONESIA (PT BANK MAYBANK INDONESIA TBK)

Maybank Indonesia is one of the largest commercial banks in Indonesia by assets and is listed on the Indonesia Stock Exchange (Ticker: BNII). It offers retail, non-retail and global banking products and services through its network of 345 branches (which include 19 Shariah branches and one overseas branch in Mumbai), 895 ATMs (including 26 Cash Recycle Machines), as well as mobile and internet banking services. Maybank Indonesia contributed 6.0% and 5.3% to the Group's profit before tax and gross loans* respectively in FY2022.

MAYBANK GREATER CHINA

Established in Hong Kong in 1962, Maybank Greater China has since expanded to include branches in Shanghai (in 2000), Beijing (in 2012), Kunming (in 2015) and Shenzhen (in 2016) where it provides wholesale banking services primarily to inbound/outbound ASEAN corporate clients, domestic corporates with regional operations/projects as well as financial institutions. Maybank Hong Kong also serves Private Wealth customers.

MAYBANK PHILIPPINES INCORPORATED (MPI)

MPI is a full-fledged commercial bank established in 1997 serving retail and corporate clients through its 60 branches across the Philippines.

MAYBANK CAMBODIA PLC (MCP)

MCP was established in 1993 and locally incorporated in 2012. With 21 branches across Cambodia, it provides a full range of banking services for emerging affluent and affluent consumers, SMEs and corporate clients.

MAYBANK VIETNAM

Maybank Vietnam was established in 1995 with two branches – in Ho Chi Minh and Hanoi – that provide wholesale banking services to regional corporate clients.

MAYBANK MYANMAR

Maybank Myanmar was established as a Representative Office in 1994 and became the only Malaysian bank to be granted a full branch banking license in 2014, providing wholesale banking services to foreign and local corporates, as well as domestic financial institutions.

MAYBANK LAOS

Maybank Laos was established in 2012 with one branch in Vientiane that provides commercial banking services to retail SMEs, mid-tier local and ASEAN corporate clients.

MAYBANK BRUNEI

Maybank Brunei was established in 1960 and has two branches located in Bandar Seri Begawan and Seria offering a wide range of retail and commercial banking services.

MAYBANK NEW YORK

Established in 1984, Maybank New York offers wholesale banking services focusing on corporate lending, loan syndications and bilateral arrangements, treasury and capital markets as well as trade finance services to corporate clients.

MAYBANK LONDON

Established in 1962, Maybank London offers wholesale banking services primarily to our regional ASEAN corporate clients focusing on capital markets, trade finance services and global markets.

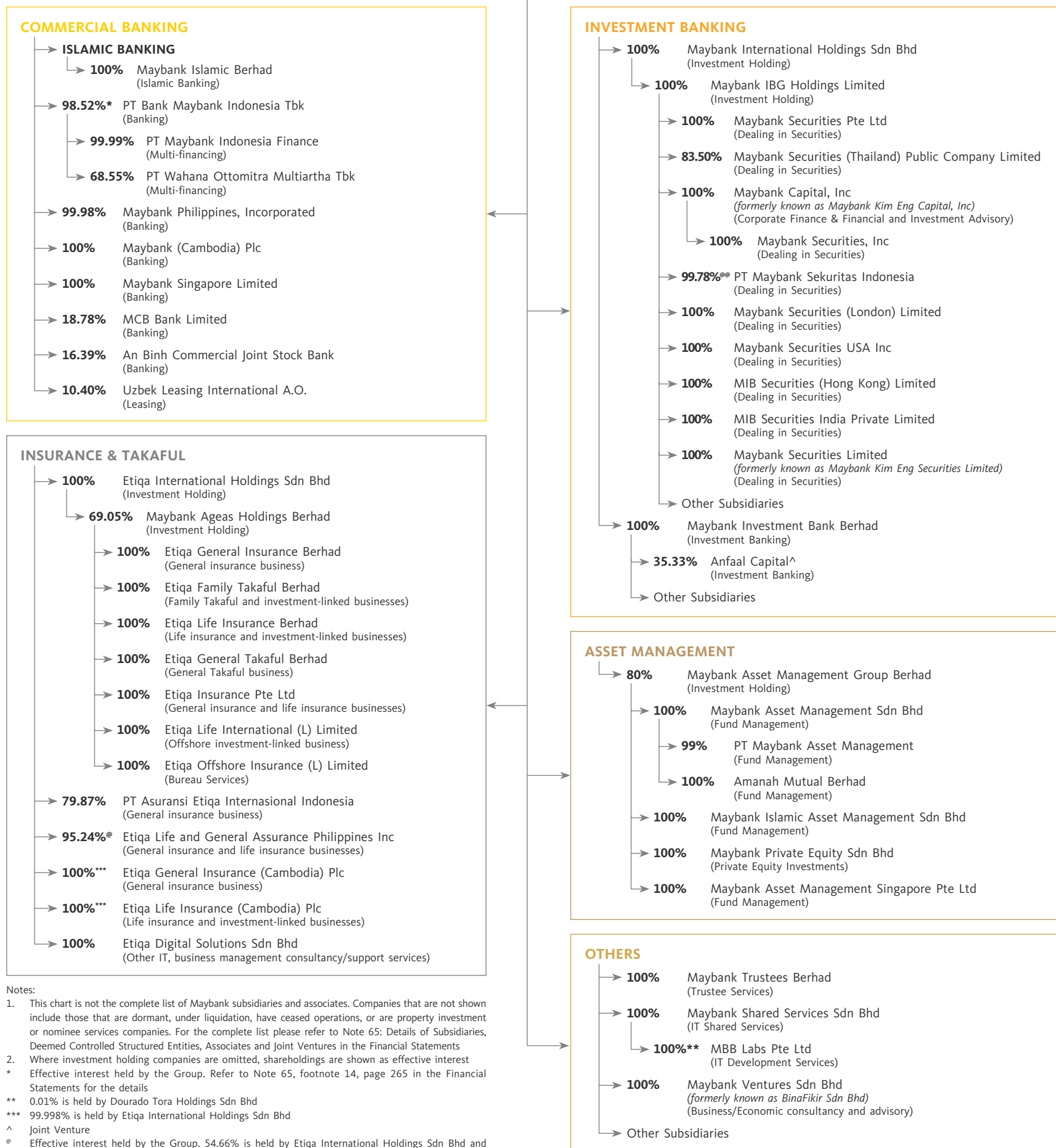
* Profit before tax and gross loans contribution to the Group is on a country view and includes banking, investment banking, insurance & Takaful and asset management operations. Gross loans disclosed is net of unwinding interest and effective interest rate

Group Corporate Structure

as at 31 December 2022



The operations of Maybank cover various key entities and business segments of the Group including commercial banking, insurance & Takaful, investment banking, asset management and other business segments across 18 countries



Notes:

- 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 65: Details of Subsidiaries, Deemed Controlled Structured Entities, Associates and Joint Ventures in the Financial Statements
- Where investment holding companies are omitted, shareholdings are shown as effective interest

* Effective interest held by the Group. Refer to Note 65, footnote 14, page 265 in the Financial Statements for the details

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

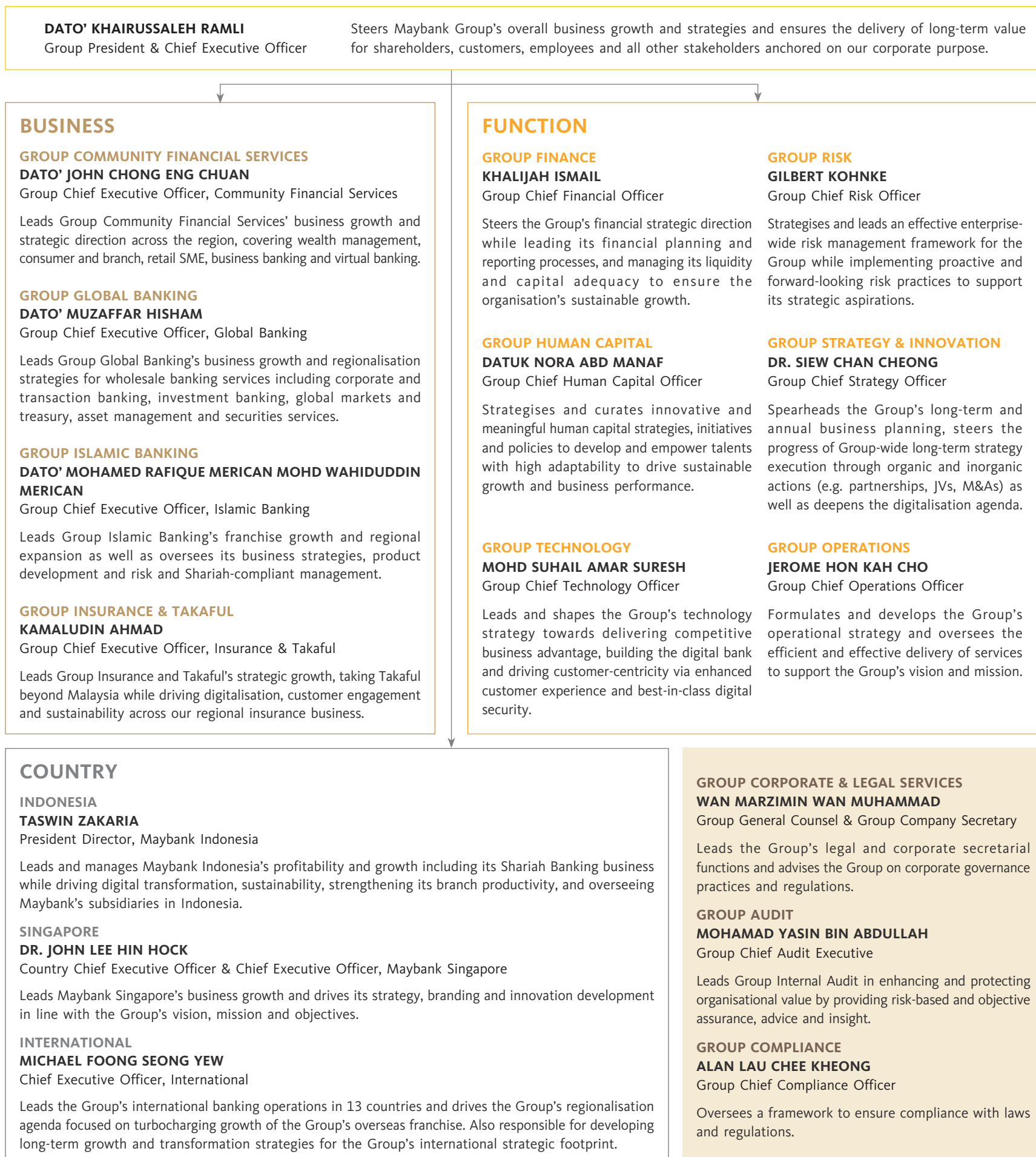
*** 99.998% is held by Etiqa International Holdings Sdn Bhd

[^] Joint Venture

[⊗] Effective interest held by the Group. 54.66% is held by Etiqa International Holdings Sdn Bhd and 40.58% is held by Maybank Capital, Inc

^{⊗⊗} Effective interest held by the Group. 85% is held by Maybank IBG Holdings Limited and 15% is held by PT Maybank Indonesia Finance (14.78% effective interest held by the Group)

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
MOHAMAD YASIN BIN ABDULLAH
Group Chief Audit Executive

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

GROUP COMPLIANCE
ALAN LAU CHEE KHEONG
Group Chief Compliance Officer

Oversees a framework to ensure compliance with laws and regulations.

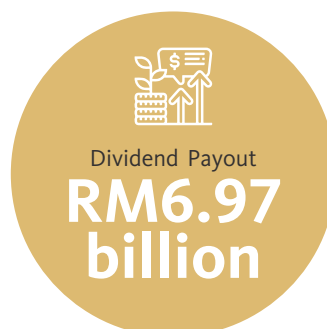
Note: The organisation structure depicts key businesses, support and country functions and may not include other support functions. Effective 1 April 2023, Alan Lau Chee Kheong has been appointed Group Chief Operations Officer (GCOO) and Yiw Inn Sann as Group Chief Compliance Officer, following the retirement of Jerome Hon Kah Cho as GCOO. Meanwhile, to meet our M25+ strategic aims and facilitate better effective and seamless executive of our strategy, our International operations now report directly to Group Global Banking, Group Community Financial Services or GPCEO's office, depending on the core business of the country

Key Messages to Shareholders



“ We have continued to deliver strong shareholder returns which led us to win The Edge Billion Ringgit Club (BRC) award for the highest returns to shareholders over three years. ”

Tan Sri Dato' Sri Zamzamzairani Mohd Isa
Chairman



The year 2022 has been one of significant change, both in our macroeconomic environment as we recovered from the pandemic, as well as internally within Maybank. We appointed a new Group President and CEO, Dato' Khairussaleh Ramli effective 1 May 2022. He is no stranger to the banking industry, nor indeed to Maybank, with 30 years of experience in financial services and capital markets, of which five years were at Maybank. The Board has full confidence in his ability to lead Maybank through our next phase of growth and we look forward to working closely with him in creating further value for the Bank and the communities that we touch.

VALUE CREATION: FOR SHAREHOLDERS AND SOCIETY

As the Malaysian economy started picking up in 2022, we have seen a gradual yet perceptible growth in loans. Coupled with a rising interest rate environment, these drivers have helped with Maybank's income growth. We have also seen most of our customers come off from repayment assistance programmes, as economic activities normalised to pre-pandemic levels although we maintained targeted support to those who continue to need assistance. Overall, it has been a positive year for us as we achieved a record net profit of RM8.23 billion.

Our strong financial performance allowed us to propose a single-tier full-cash second interim dividend of 30.0 sen per ordinary share for FY2022. Collectively with the first interim dividend, the full year dividend is 58.0 sen per share. This translates into a full-year dividend payout ratio of 84.6% or RM6.97 billion in total, once again exceeding our policy rate of between 40% and 60% of our net profit. Despite the challenges brought about by the pandemic, we have delivered a three-year compounded annual growth rate shareholder return of 7.4%, which led us to win The Edge BRC award for the highest returns to shareholders over three years (period ended 30 March 2022) in the financial services sector.

Our focus on shareholder returns is driven by an acknowledgment of our responsibility to creating incremental value for our shareholders over the years. We also apportion our income directly and indirectly towards the bettering of lives for the communities we operate within, either through our own community empowerment programmes or RM4.03 billion in taxes and zakat paid in FY2022 to the governments of the countries we operate in.

REFINEMENT OF OUR 5-YEAR STRATEGY: INTRODUCING M25+

Our ability to create long-term value depends to a large extent on effective strategies to sustain our growth in the markets where we operate. Given the macroeconomic shifts taking place around us, it was judicious to re-evaluate our roadmap to further entrench our presence and leadership in the region. We therefore fully supported the leadership's review of our existing five-year strategy and, subsequently, the refinements proposed.

In essence, the refined strategy, termed M25+, focuses on the same key areas but has created greater clarity on what we seek to achieve and how, premised on a deeper purpose of “becoming a **values-driven platform**, powered by a **bionic workforce** that **Humanises Financial Services**”. “Values” reflect our aim to sharpen our Core Values, TIGER by infusing the principles of ethical banking focusing on environmental, social and governance (ESG) aspects as a strategic differentiator that will drive economic value for the Group. “Platform” refers to our digital aspirations and how we seek to integrate our customer offerings across the region through a common digital infrastructure. The “bionic workforce” refers to Maybankers being upskilled and equipped with technological capabilities to further unlock their collective potential. Finally, “Humanises Financial Services” circles back to our long-standing mission that guides us to connect with our customers and meet their needs. Today, this translates into providing them with hyper-personalised solutions to support them through their life journeys, while we also serve the community through our ESG initiatives.

Key Messages to Shareholders



As a financial services provider, **our customers are our raison d'être**; we exist to serve them. This is something Maybank has always taken to heart; and which we constantly remind ourselves of **our Humanising Financial Services mission**.

DRIVING CUSTOMER-CENTRICITY

As a financial services provider, our customers are our raison d'être; we exist to serve them. This is something Maybank has always taken to heart; and which we constantly remind ourselves of our Humanising Financial Services mission. Indeed, the Bank's early adoption of digital technologies was motivated by the realisation that digital platforms would greatly enhance the customer journey, speeding up processes and creating greater convenience.

As we continue to invest into evolving digital technologies, we are able to transfer even greater benefits to our customers. Today, through data analytics, we have a much deeper understanding of our customers, and are able to channel this intelligence into eliminating pain points while developing products and solutions that anticipate their future needs.

Constant emphasis on customer-centricity has brought Maybank widespread recognition as the most digitally advanced bank in the country. More meaningfully, it has also made us the preferred bank, as reflected in our industry leading Net Promoter Score (NPS) of +24. This is further reflected in our string of customer experience (CX) awards which in 2022 included five wins at the Digital CX Awards 2022, organised by The Digital Banker: Best Digital Bank for CX in Malaysia, Best Retail Bank for Digital CX in Malaysia, Best Retail Bank for Digital CX in Indonesia, and Highly Acclaimed for Outstanding Digital CX in both the Bank Cards and SME Loans categories.

GLOBAL ISLAMIC BANKING LEADERSHIP POSITIONING

As a firm advocate of inclusive, ethical and responsible banking, Maybank has been a pioneer in Islamic banking in Malaysia and is today the largest Islamic bank in ASEAN by asset value. We are also the fourth largest sukuk lead manager in the world, accounting for 8.5% of the total market share.

Islamic financing continues to be one of the faster-growing areas in global finance. Maybank does not only want to help grow this segment of financing but seeks to be a global Islamic finance leader, especially in wealth management. As outlined in M25+, we plan to create an Islamic wealth management hub in Singapore as well as spokes around Middle East and ASEAN, following the international wealth management flow across these regions while building our network

via an asset light as-a-service offering. The foundations for this have been laid, and I look forward to reporting on further developments in next year's report.

TOWARDS BECOMING A SUSTAINABILITY LEADER IN SEA

By extension of Humanising Financial Services, we seek to be a force of good for society in general, as encapsulated in the ideology supporting our sustainability policies and practices. To entrench sustainability across the Group and integrate it into our DNA, we are investing into the cultivation of a sustainability culture. ESG topics are routinely discussed at Board meetings, with climate change dominating our most recent annual Board Risk Workshop. Employees, meanwhile, regularly attend capacity-building programmes on sustainability and are empowered to drive self-led sustainability initiatives.

Externally, we leveraged our first physical Maybank Marathon in Bali post pandemic, held in August 2022 to spread sustainability messages to the runners, spectators, organisers, business partners, co-sponsors, surrounding villagers as well as marginalised and disabled communities in the island. In conjunction with our Marathon, we held a Sustainability Day to enhance visibility over our local community empowerment programmes and promote the importance of sustainability, as the local community in Bali remain key beneficiaries of the economic spin-off from the Marathon.

Building on our social citizenry, we have continued to contribute to various programmes aimed at elevating the lives of the marginalised, such as R.I.S.E (Reach Independence and Sustainable Entrepreneurship) and Maybank Women Eco-Weavers programme. Of note, we also awarded 61 deserving Malaysian students from lower-income families full scholarships to pursue undergraduate studies at top universities in Malaysia and overseas. In addition, this year we launched the prestigious ASEAN-Maybank Scholarship in collaboration with the ASEAN Secretariat, making Maybank the first organisation to partner with the ASEAN Secretariat in such an undertaking. This programme is very special as it does not only provide financial support for the tertiary education of deserving students, it also promotes better regional understanding, as scholars will get to study in an ASEAN country other than their own. In its inaugural year, three students were selected for the scholarship programme, one each from Malaysia, Myanmar and Cambodia.

OUR PEOPLE ABOVE ALL

In recent years, partly as a result of stresses wrought by the pandemic, mental health has become an increasing concern. In response, Maybank has been expanding our mental health engagement activities and resources to create awareness of mental wellness and to provide support for those who need it. More Maybankers were also certified as Mental Health First Aiders in 2022, increasing our contact points within the organisation for those in need of support.

Related to mental wellness is a sense of self-esteem. Towards this end, we have continued to build the capacity and skills of our people at all levels. This has the dual benefits of creating greater work satisfaction and ensuring organisational readiness for future challenges. We are also ensuring greater inclusivity in support of our increasingly diverse workforce. This year, we established MYouth, which empowers youth in the Group, giving them a platform through which their collective voice will be heard. At the other end of the spectrum, we created MaybankerX, an alumni for those who have left or retired from Maybank. Through this platform, they can stay connected with former colleagues and the Bank, in line with our motto "Once a Maybanker, always a Maybanker".



We awarded **61 deserving Malaysian students** from lower-income families full scholarships and another three scholarships under our inaugural **ASEAN-Maybank Scholarship programme**.

ACKNOWLEDGEMENTS

The most heart-warming aspect of financial year 2022 has been the realisation that Maybank overcame the challenges that surfaced during this prolonged pandemic and emerged more determined than ever to achieve its goals. Our resilience is the result of many factors, not least being a shared vision and values. I would like to acknowledge my colleagues on the Board, our leadership and all employees for coming together at a time when this was really needed, further building Maybank into an organisation we can all be proud of.

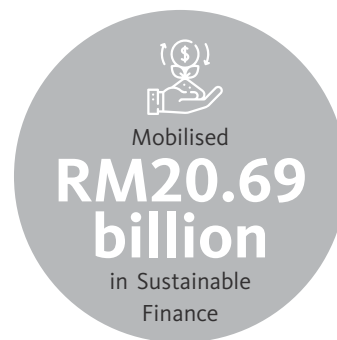
I would also like to thank all our other stakeholders – customers, shareholders, the regulators and governments in our key markets as well as our network of partners. All of you are important to Maybank, and we will continue to endeavour to be a force of good for you.

Key Messages to Shareholders



“ Assuming the helm of Maybank after being away for nine years is a mammoth task with huge responsibilities, but one that I fully embrace. One of the first things I did upon my homecoming was to reconnect with the people who have been instrumental to its continued and sustainable growth, namely Maybankers, board members, our customers, investors and regulators. ”

Dato' Khairussaleh Ramli
Group President & CEO



It is both an honour and privilege to deliver this inaugural statement as the Group President and CEO (GPCEO) of Maybank, an organisation that I hold in the highest esteem. Maybank is not foreign to me, having spent five years in the Group before, first as Group Chief Financial Officer, then as President Director of Maybank Indonesia. Even while serving another bank before returning, I continued to have high regards for Maybank. Assuming the helm of Maybank after being away for nine years is a mammoth task with huge responsibilities, but one that I fully embrace. One of the first things I did upon my homecoming was to reconnect with the people who have been instrumental to its continued and sustainable growth, namely Maybankers, board members, our customers, investors and regulators. This was important not only to reinforce strong ties with important stakeholders but also to gain a clear understanding of where the Group is today and where it intends to be.

It was imperative to understand the strategies that had been outlined to guide Maybank to its charted destination. Together with my senior leadership team, we reviewed the M25 strategy that was rolled out in 2021 in the midst of the COVID-19 pandemic. I found the strategy both sound and strong. However, arising from various global trends and challenges that were unfolding even prior to the pandemic and changes compounded by it, the leadership team was united in the belief that there was a need to refine this strategy. Among the key catalysts for the strategic revision were increasingly urgent climate change imperatives, acceleration of digitalisation, heightened competition from banks and non-banks, as well as the need to respond proactively to customers' changing demands, and having an agile way of working.

All of this combined presented a compelling case for us to sharpen our corporate strategy to remain agile for continued growth and delivery of sustained returns. Setting our aspirations and intentions beyond 2025, we found it paramount to accelerate the development of capabilities and enablers, especially in technology and people, and agreed that investment in these areas needed to be enhanced. We will need to equip ourselves with the skills, infrastructure and tools that will enable us to evolve into an organisation that is capable of delivering hyper-personalised offerings that are timely, of quality and holistic as these offerings encompass the customer's lifecycle journey.



Setting our aspirations and intentions beyond 2025, we found it paramount to accelerate the development of capabilities and enablers, especially in technology and people, and agreed that investment in these areas needed to be enhanced.

Key Messages to Shareholders

REFINED STRATEGY FOR SUSTAINED GROWTH

After months of deliberation and with the full support of the Board of Directors, we rolled out our refined strategy, M25+, in October 2022. The aim is to future-proof Maybank and bring it **From Good to Great**, by reinforcing the foundation for sustainable shareholder returns over the long term through five strategic thrusts:

ST1

Intensify Customer-centricity

Intensifying customer-centricity is about always listening to the voice of our customers and imagining their life journeys. It is about orchestrating ecosystems through partnerships so that we can become the marketplace for customers to fulfil their banking and non-banking needs, hence enriching their experience.

ST3

Strengthen Maybank's Position beyond Malaysia

This leads me to our third thrust of strengthening Maybank's position beyond Malaysia. It is about thinking regional when we introduce solutions and offerings to our clients through regional platforms and applications based on service orientation. We are committed to boosting our leadership position in Malaysia, becoming a more significant player in universal markets while integrating ourselves more fully across the region as we facilitate our regional clients to carry out their businesses more efficiently.

ST2

Accelerate Digitalisation and Technology Modernisation

Closely related to intensifying customer-centricity is our second thrust of digital acceleration and technology modernisation. This encompasses putting in place the technology infrastructure required to support fully digitalised systems and processes for enhanced operations, as well as building an expansive business-driven architecture to facilitate collaboration and deliver end-to-end digital solutions. Not only would this improve internal efficiencies, it would also provide a stronger foundation for progressive customer-centric innovations and faster speed-to-market offerings. We will harmonise our digital channels and transition our platforms to be regional-based as we scale our market presence across ASEAN.

ST4

Drive Leadership in Sustainability Agenda

We have made a significant leap in our sustainability agenda by setting four commitments as part of an overall ambition to become a sustainability leader in SEA by 2025. In fact, at the end of February 2023, we announced an upward revision of our FY2025 targets for the first two commitments given how well we have done on both over the last two years. We will mobilise RM80 billion in sustainable finance instead of the original target of RM50 billion and work towards improving the lives of two million households across ASEAN as opposed to the one million announced earlier. With M25+, we are further reinforcing our leadership commitments by expanding our scope to embrace ethical banking principles and supporting the execution of decarbonisation and transition strategies for our clients and Maybank itself. We are developing an integrated sustainability target operating model encompassing governance and multi-level key performance indicators (KPIs) to be applied across the Group.

ST5

Achieve True Global Leadership in Islamic Banking

In the sphere of Islamic Banking, Maybank is already ahead of the game within the region, with about 36% of our Group financial assets being Shariah based. We acknowledge that asset size is not the best measure of success. As such, we have identified global Islamic wealth management as our Islamic finance leadership ambition, fortifying the wealth business that we have been building with Singapore as the hub and expanding the end-to-end Islamic wealth management offerings that we have introduced in Malaysia.

In order to achieve these five strategic thrusts, we have outlined 12 programmes that will steer us towards our end goals. We have allocated an investment of up to RM4.5 billion to achieve our M25+ aspirations. Roughly 77% will go towards technological investments covering tech-for-tech which is infrastructure in nature, and tech-for-business which is business and solutions oriented.

The ultimate objective of M25+ is to deepen our sense of purpose as encapsulated in our Purpose Statement – “We are a **values-driven platform**, powered by a **bionic workforce** that **Humanises Financial Services**”. There are four parts to this statement. The first part touches on Maybankers internalising the Core Values, TIGER, and practising it in all that we do as we embody the principles of ethical banking. The second relates to building platforms and digital ecosystems as well as integrating customer offerings across the region. To achieve our ambitions, we will empower Maybankers to become “bionic”, fully unlocking their potential by upskilling and equipping them with the appropriate technological tools and capabilities. The final part is to reinforce our mission of Humanising Financial Services. This has been our clarion call since 2010, and I was honoured to be part of the team that came up with this mission statement. It resonated with me then, and I'm glad to see how it continues to resonate with all Maybankers today, defining our culture and ethos. Now, as we are digitalising so rapidly, it is more important than ever to maintain banking with a heart; to place our customers' needs above all else and serve them to the best of our ability.



We announced an upward revision of our FY2025 targets for the first two commitments given how well we have done on both over the last two years. **We will mobilise RM80 billion in sustainable finance instead of the original target of RM50 billion and work towards improving the lives of two million households across ASEAN** as opposed to the one million announced earlier.

Key Messages to Shareholders

BUILDING THE NEXT-GENERATION WORKFORCE

We have been building the capabilities of our people to shape a next-generation workforce that is not only digitally-savvy and customer-centric but sustainability conscious. Today, in line with our purpose of nurturing a bionic workforce, we seek to equip our employees with the right tools and capabilities to effectively and successfully drive change, while enabling a work environment that fosters closer collaborations. We are therefore offering training such as M25 Unlimited Potential (M25UP) to develop more dynamic, digitally-inclusive and solutions-oriented leaders; and Green Labs to enhance their sustainability knowledge. The ability to change, meanwhile, requires an agile mindset. Towards this end, we are also running practical programmes such as Agile@Work and Agile@Scale. The Maybank culture that we envision is one that is robust and innovates as well as iterates solutions for customers through collaboration, empowerment and customer-centricity while staying true to our core values.

A RECORD YEAR

As economies fully reopened and border restrictions were completely lifted in 2022, consumer spending returned and external demand improved. Against better economic growth across our home markets, our net operating income grew 8.5% to RM27.62 billion from RM25.45 billion in FY2021. This was mainly led by the 8.4% YoY growth in our net fund based income to RM20.69 billion as net interest margin (NIM) expanded 7 bps YoY to 2.39%. The expansion was driven by higher interest income on rising interest rates across our key markets as Group gross loans expanded 6.0% YoY. Our loans portfolios across Malaysia, Indonesia and Singapore expanded by 6.7%, 5.8% and 0.5% respectively. Growth in Malaysia was led by consumer lending of 7.0%, SME and business banking at 7.9% and corporate lending at 4.9%. Indonesia's growth came from corporate lending at 15.2% while its Community Financial Services franchise grew slower at 0.3% as consumer lending growth was offset by a decline in non-retail lending. Loan growth in Singapore mainly came from lending in the corporate segment of 3.6% and non-retail segment of 7.3%, offset by a 1.8% decline in the consumer portfolio.

As economic activity normalised, we saw a reduction in current and savings accounts (CASA) across our key markets like Malaysia and Singapore as consumer spending increased and businesses fully resumed operations. At the same time, customers opted to move their excess funds into higher yielding products such as fixed deposits amid the rising interest rate environment. While the Group's gross deposits grew 3.5% YoY supported mainly by fixed deposits growth across Malaysia and Singapore, Group CASA reduced 10.0% YoY. As such, the Group's CASA ratio eased to 40.9% in 2022 from 47.1% a year earlier but remained above pre-pandemic levels. The rising rate environment has resulted in higher cost of funding, which limited the upside to net interest margin expansion. However, our liquidity indicators such as liquidity coverage ratio and net stable funding ratio remained healthy at 145.4% and 118.1% respectively.

Also supporting the increase in net operating income was 9.0% growth in non-interest income to RM6.93 billion. This was led by mark-to-market gains on financial liabilities and foreign exchange gains but offset by lower banking core fees of 6.6% as market-related fees were hampered by increased market volatility from a rising rate environment and geopolitical uncertainties.

Meanwhile, cost growth accelerated in FY2022 by 11.2% YoY to RM12.81 billion as inflationary pressures persisted throughout the year and revenue-related spend was incurred. The increase in cost was mainly led by inflationary-related adjustments for the collective union agreements under personnel costs, higher marketing expenses




Our profit before tax rose 11.6% to RM12.15 billion while **net profit recorded a new high of RM8.23 billion in FY2022, up 1.7% from RM8.10 billion a year earlier.** Meanwhile, return on equity increased to 10.0%, hitting the higher end of our FY2022 guidance of between 9.5% and 10.0%.

partially from one-off credit card giftpoints redemption expenses and IT expenses. Our cost to income ratio stood at 46.4% versus 45.3% in FY2021. Given the strong net operating income growth, pre-provisioning operating profit rose to RM14.81 billion in FY2022, an increase of 6.3% YoY from RM13.93 billion in FY2021.

We continued to manage our asset quality vigilantly. Net impairment losses stood at RM2.79 billion, lower than RM3.23 billion a year ago, of which RM2.19 billion was set aside for loans and RM596.25 million for financial investments and assets. Provisions for loans reduced by 17.6% YoY while provisions for financial investments and assets increased by 4.4% YoY. As a result of lower loan provisioning, the Group's net credit charge off rate improved to 40 bps against 51 bps in FY2021. Loan provisioning was mainly attributed to pre-emptive provision as well as provisions made for existing and newly impaired accounts. Coupled with a low new impaired loans formation, the Group's loan loss coverage strengthened to 131.2% from 111.9% a year ago while Group gross impaired loans ratio improved to 1.57% as at 31 December 2022 from 1.99% a year earlier. We also saw an improvement in our overall loan repayment assistance portfolio across key markets, with loans under relief reducing to 1.7% in Malaysia, 3.0% in Singapore and 8.5% in Indonesia.

On the back of lower net impairment losses, our profit before tax rose 11.6% to RM12.15 billion while net profit recorded a new high of RM8.23 billion in FY2022, up 1.7% from RM8.10 billion a year earlier. Earnings per share was 68.8 sen, slightly lower by 1.2% from 69.7 sen in FY2021. Meanwhile, return on equity increased to 10.0%, hitting the higher end of our FY2022 guidance of between 9.5% and 10.0%. At the same time, our before-dividend capital levels remained healthy with Group CET1 capital ratio and Group total capital ratio at 15.67% and 19.08% respectively as at 31 December 2022. Supported by our robust capital levels, we declared a total dividend of 58.0 sen per share for FY2022, translating to a dividend payout of 84.6% exceeding our dividend payout policy of 40% to 60%. Although the dividend payout levels were similar to the year before, the effective cash dividend paid out from net profit increased to 76.7% from 57.8% the year before.

 For more details on our FY2022 performance highlights, refer to Reflections from Our Group Chief Financial Officer on pages 44 to 49

Key Messages to Shareholders

DELIVERING DIFFERENTIATED DIGITAL EXPERIENCE

From very early on, Maybank recognised the merits of digitalisation for our customers. In ensuring we stay ahead of the curve, we continue to innovate and develop first-to-market digital solutions to fortify our digital banking position. These include our ATM Cash-out withdrawal services as well as our pioneering partnership with Apple Pay in Malaysia.

Leveraging our robust data analytics and machine learning capabilities, we meet our customers' needs while converting their pain points into strategically curated end-to-end digital solutions. Improvement in speed and convenience are among our key focus areas in delivering a differentiated customer experience. On the retail front, we rolled out digital financing offerings that are capable of near-instant loan approvals and disbursements without the need to visit a physical branch. These include the Maybank Personal Digital Financing and Home²u solutions. Meanwhile, corporate customers can now access our newly launched in-house digital pricing and execution platform, MAESTRO, to trade FX Options in Malaysia with a faster response time of five minutes versus one hour previously.

As our digital transformation expands accessibility, we are doubling up our efforts to ensure a safe and secure banking environment for our customers, especially for internet and mobile banking services. With more customers shifting to digital platforms, we have strengthened our online banking security by migrating to Secure2u push authentication, which was initiated in 2017, as an enhanced authentication safeguard instead of relying on SMS one-time password. The full migration will be completed by June 2023. On top of this, we have introduced a cooling-off period in the MAE app for first-time and new device Secure2u activations as well as binding Secure2u to one device. We also recently announced a kill switch feature on both the MAE app and Maybank2u web, which enables a customer to temporarily deactivate access to his or her online banking account should the customer suspect fraudulent activities. We have incorporated a fraud detection and monitoring system supplemented with a call-back verification process to alert customers of suspicious transactions, as well as a dedicated 24/7 hotline for customers to report any financial scams. These measures are in line with Bank Negara Malaysia's expectations for the banking industry to help deter or minimise the likelihood of customers falling prey to financial scams.

The driving force of our digital transformation is our strong digital culture, manifested in the way we work and serve. Our efforts have gained numerous recognitions in the industry. Most notably, Maybank clinched the title *Team of the Year* in terms of Innovation Culture at the CIO100 Awards 2022. Testament to our digital strength is the large digital user base we serve and our leading online transaction market share. As at 31 December 2022, we recorded no less than 8.97 million active users on our digital platforms at Group level. We also command about 53.1% of the total number of mobile banking transactions and 50.2% of internet banking transactions in Malaysia.

Home²u via MAE app
Malaysia's first-ever digital home financing solution within an integrated banking app

ATM Cash-out via MAE app
Malaysia's first contactless cash withdrawal service

One of the first banks
to welcome Apple Pay in Malaysia

Rolled out Secure2u via Maybank2u KH app,
first-of-its-kind in Cambodia that enables secured transaction authorisation

ACCELERATING DECARBONISATION ACROSS ASEAN

Driven by our Humanising Financial Services mission, Maybank has always operated in a manner that is optimally beneficial for the communities we serve. As climate change has become more pressing, we have taken a more structured and formal stand on environmental issues, specifically on carbon emissions, be it from our own operations or through our financed portfolios. I'm pleased to share that we have made a couple of noteworthy achievements in this regard.

In 2022, we were one of the first few banks in ASEAN to establish our Scope 3 financed emissions baseline and to introduce a Sustainable Product Framework (SPF). More recently, we developed a Climate Risk Policy to manage climate risk exposure of the Group's business activities and operations. These are key towards achieving our ambition of net zero carbon emissions by 2050. As a result of our Scope 3 assessment, we have a clear understanding of the sectors and companies responsible for the highest emissions. We gather that about 70% of the Group's financed emissions come from less than 100 customers from top contributing sectors such as power and utilities, oil and gas, palm oil, agriculture, real estate and construction. By undertaking this assessment, we can now progress towards our decarbonisation plans while engaging with targeted customers to support them in their journey to low-carbon operations.

Our SPF provides greater clarity on the perimeters of sustainable financing and helps our business teams to develop green, social, sustainable and transition products as the SPF outlines the methodology and procedures to classify and report our financial products and services offered as sustainable. The framework allows us to develop dedicated sustainable, sustainability-linked or transitional solutions that meet our customers' needs across various stages of their transition and/or their decarbonisation journey. Guidelines in the SPF are in line with the International Capital Markets Association's Climate Transition Finance Handbook and the decarbonisation pathway set by the Transition Pathway Initiative.

We will support our clients to reduce their carbon emissions by offering solutions tailored to five potential approaches used by clients including exiting high-emitting activities, diversifying into less emitting businesses, decarbonising by investing and implementing less-carbon intensive processes, purchasing or developing offsetting projects and providing decarbonising solutions to others.

To guide us in achieving our four sustainability commitments and bring us closer to our ambition of being the sustainability leader in SEA, Maybank sets annual targets and has successfully exceeded all FY2022 targets. We mobilised RM20.69 billion in sustainable finance versus the target of RM9 billion. We helped to improve the lives of 368,441 households through community programmes against the target of 150,000 households. We reduced our Scope 1 and 2 emissions by 41% against a 2019 baseline, exceeding the target of 40%. Finally, Maybank employees clocked 1.56 million sustainability hours to strengthen diversity, equity and inclusion, transparency and governance, and a sustainability culture, against the target of one million hours.

Key Messages to Shareholders

While having revised our FY2025 targets to mobilise RM80 billion in sustainable finance and to improve the lives of two million households across ASEAN, we maintain our other two sustainability commitments. These are to achieve carbon neutrality for Scope 1 and 2 emissions by 2030 and net zero carbon equivalent by 2050 as well as for employees to spend one million hours on sustainability per annum by 2025.

MOVING TOWARDS GREEN WORKSPACES

As we progressively embrace evolving workspace trends, the need for optimal workspaces that meet our digital and sustainability agendas has been top of mind. A significant corporate development during the year was the firm decision made on our new head office, a journey that began in 2019. After years of extensive evaluations and considerations on our options, we finally agreed on Menara Merdeka 118 in the heart of Kuala Lumpur city. The second tallest building in the world perfectly suits our purpose as it carries MSC status and incorporates extensive green elements in its design, which could lead to triple green platinum certifications in Leadership in Energy and Environmental Design (LEED), Green Building Index (GBI) and Green Real Estate (GreenRE). Under an agreement with Permodalan Nasional Berhad (PNB) signed in September 2022, Maybank will be the anchor tenant in Menara Merdeka 118, where we will house some 5,900 employees across 33 floors. Maybank will also have the naming and signage rights over this globally recognised state-of-the-art building, thus enhancing our brand visibility and position as a regional and global leader in the financial industry. Maybank has been reaffirmed as the most valuable and AAA-rated bank brand in Malaysia and places as one of the Top 5 ASEAN bank brands and Top 100 global bank brands. We are also the Platinum recipient in the Banking, Investment & Insurance category of the Putra Brand Awards for the 13th consecutive year.

Meanwhile, another change in address was announced in April 2022, when we unveiled Mercuri Maybank in i-City, Shah Alam, as our permanent alternate site to safeguard our business continuity. Among the deciding factors in its favour were the fact that it incorporates sound security features, is Grade A GBI-certified, and at a safe distance from our head office in Kuala Lumpur.

WELCOMING NEW SENIOR LEADERS

We welcomed new members to our senior leadership team with the appointments of Dr. Siew Chan Cheong as Group Chief Strategy Officer on 15 August 2022 and Michael Oh-Lau Chong Jin as CEO, Maybank Investment Banking Group (Maybank IBG) effective 1 December 2022. Meanwhile, Alan Lau Chee Kheong has been made Group Chief Operations Officer while Yiow Inn Sann takes over from Alan's previous role as Group Chief Compliance Officer effective 1 April 2023. We also saw the retirement of Jerome Hon Kah Cho, formerly Group Chief Operations Officer, and Dato' Ami Moris, previously CEO of Maybank IBG. My best wishes to Dr. Siew, Michael, Alan and Inn Sann on their new roles and to Jerome and Dato' Ami on their retirements.

Separately, to meet our M25+ strategic aims and to facilitate better effective and seamless execution of our strategy, our international operations excluding Singapore and Indonesia now report directly to Group Global Banking, Group Community Financial Services or my own office, depending on the core business of the country.

OUTLOOK

Going into 2023, we continue to experience supply chain disruptions which, together with geopolitical uncertainties and lingering effects from the COVID-19 pandemic, are pushing up the costs of energy, food and other basic necessities, leading to widespread inflation. Many central banks have tightened their financial policies, which may result in the moderation of global economic growth to possibly 1.9% in 2023 from 3.0% in 2022 and 6.0% in 2021.

As with 2022, economic growth will be fragmented, depending largely on regional and national dependence on external factors. ASEAN-6 is expected to fare better than the global average, having grown at 5.7% in 2022 and expected to grow at 4.5% in 2023. Of our key markets, both Malaysia and Indonesia, which have relatively robust domestic economies, are likely to fare better than Singapore, which is highly dependent on international trade.



Our focus, as always, will be on our customers. Supported by increased digitalisation, we will be able to stay true to our purpose of becoming a values-driven platform, powered by a bionic workforce that Humanises Financial Services.

Malaysia's gross domestic product (GDP) grew 8.7% in 2022, but is expected to return to pre-pandemic levels of about 4.0% in 2023. Mirroring Malaysia, Indonesia's growth is expected to moderate slightly to 5.0% in 2023 from 5.3% in 2022. Meanwhile, Singapore's GDP is anticipated to decelerate from 3.6% in 2022 to 1.7% in 2023.

Against a softening economic landscape and an ambitious M25+ corporate strategy, we intend to stay the course and persevere, making adjustments where necessary along the way as we adopt an agile way of working. Our focus, as always, will be on our customers. Supported by increased digitalisation, we will be able to stay true to our purpose of becoming a **values-driven platform**, powered by a **bionic workforce** that **Humanises Financial Services**.

At the same time, we will accelerate all efforts to develop an end-to-end digital platform to support holistic ecosystems for our customers across the region. With our digital roadmap, we have a clear idea of how we would like to leverage digital technologies for optimum outcomes.

Finally, our commitment to climate action has seen Maybank take the lead in various key aspects within the banking fraternity in Malaysia. But there is still more to be done, and we are determined to be at the forefront of real and meaningful change. We hope to create clarity on what it means to operate sustainably, and use our influence as a leading financial institution in ASEAN to guide all our customers – no matter where they are on their sustainability journeys – to make the transition to a low-carbon economy, taking into account the need to be practical in our approach. The journey will not always be easy but, together, we can chart a navigable path to our envisaged destination. For FY2023, we have set a headline key performance indicator for return on equity of between 10.5% and 11.0%.

ACKNOWLEDGEMENTS

As I draw close to concluding my first year as GPCEO, I would like to take this opportunity to thank the Board of Directors for their trust in appointing me to my current position, as well as the senior leadership team and all employees for willingly spending time to get me up to speed with all matters critical to Maybank's onward journey. As a result of these collective interactions, I can say that we have a fantastic team here at Maybank, one that is fully dedicated to our mission and purpose and that has the agility as well as team spirit to see through all our aspirations. Our Board has the clarity of purpose to guide Maybank through this journey, while management has the nimbleness and innovativeness to drive effective strategies, and our employees have the skills to execute these plans.

This is reinforced by our recent employee engagement survey which indicated that Maybankers are highly engaged and have a clear understanding of the Group's purpose. I believe that by inspiring our employees through constant and effective engagement while providing them with the right skills, tools as well as environment, we can achieve great things as a united team working towards action-oriented goals.

I would also like to acknowledge the governments and regulatory bodies in our home markets for enabling sound banking and financial ecosystems that support responsible and sustainable operations. To all other stakeholders – our customers, shareholders, business partners and communities – thank you for your continued support in helping us progress **From Good to Great**.

An Integrated Approach to Value Creation

To achieve our purpose of creating value, we endeavour to have a robust business model and strategy that is both responsive and progressive. This requires a change in mindset from taking a business as usual approach to adopting an integrated approach in thinking and decision-making. Although we aspire to always create value for our identified stakeholder groups, there will be instances whereby the operating context may result in us preserving value or minimising value erosion as the next best alternative.

WHAT WE CONSIDER WHEN CREATING VALUE

ASSESS AND EVALUATE OUR OPERATING CONTEXT

Macroeconomic, social and sustainability developments as well as geopolitical events impacting our operating environment, shape our decision-making process and the way we create value for our stakeholders.

Refer to Economic and Banking Sector Overview on pages 32 to 33

IDENTIFY AND MANAGE RISKS & OPPORTUNITIES

We ascertain broader economic, geopolitical, technological, sustainability and operational trends that impact our risk landscape while addressing the 12 principal risks we manage and mitigate as a financial institution. Similarly, we identify potential risks and opportunities for our respective business segments and stakeholder groups in the current operating environment and identify appropriate actions to manage the risks and leverage the opportunities.

Refer to Macrotrends Impacting Risk Assessment, Principal Risks and Our Operating Context from pages 34 to 39

STRENGTHEN STAKEHOLDER RELATIONSHIPS THROUGH FREQUENT ENGAGEMENTS

Through our robust engagements with our stakeholder groups, we know what they value and what Maybank values from these relationships. We are able to identify our stakeholders' priorities as a Group and how we should respond to these priorities to ensure value creation for them.

Refer to How We Create Value, How We Distribute Value Created and Stakeholder Engagement from pages 24 to 28

Our Identified Stakeholders:

-  Customers
-  Communities
-  Investors
-  Regulators and Governments
-  Employees

HOW WE CREATE VALUE

FORMULATE BUSINESS STRATEGY

Taking into consideration our operating context, risks and opportunities and what our stakeholders want as well as their material considerations, we shape our strategic thrusts for long-term value creation which is measured by key performance indicators under our M25+ strategy. The five strategic thrusts will be enabled by 12 Strategic Programmes (SPs) to strengthen our foundation and competitiveness by creating the greatest value, customer experience uplift, cross-sector collaboration and regional integration Group-wide through technology. Anchoring the Group's strategy is our mission of Humanising Financial Services, embodied through our purpose statement.

Refer to Our Strategy on pages 40 to 41 and Key Performance Indicators on pages 42 to 43

Our Purpose Statement:

We are a **values-driven platform**, powered by a **bionic workforce** that **Humanises Financial Services**

Five Key Strategic Thrusts:

- ST1

Intensify Customer-centricity
Full agile and iterative Minimum Viable Product (MVP) approach, through customer journeys and imagining the end-state model
- ST2

Accelerate Digitalisation and Technology Modernisation
End-to-end STP platform that integrates with ecosystems within and beyond banking
- ST3

Strengthen Maybank's Position beyond Malaysia
Regionalisation of business and product solutions, as well as technological platforms and applications, with clear leadership in Malaysia
- ST4

Drive Leadership in Sustainability Agenda
Expanded scope to embrace ethical banking principles, deepen social impact and execution of decarbonisation strategy
- ST5

Achieve True Global Leadership in Islamic Banking
Global Islamic Wealth Management (IWM) leader with Singapore as hub and Middle East/ASEAN countries as spokes

An Integrated Approach to Value Creation


This integrated annual report aims to explain to all our stakeholders, such as shareholders/investors, customers, employees, communities, regulators and governments as well as others, how Maybank creates value over time. These include considerations such as our operating environment for the markets in which Maybank is present in, the needs, interests and material considerations of our various stakeholder groups as well as ways to mitigate and manage risk while enhancing opportunities that impact our customers, business segments and the Group as a whole. This shapes our strategy and allocation of capitals that is integrated into our business model that adheres to risk and governance frameworks. Ultimately, this drives the performance of the business segments and Group in creating sustainable value over the short, medium and long term.

IDENTIFY, PRIORITISE, VALIDATE AND INTEGRATE OUR MATERIAL MATTERS

Our materiality assessment in 2022 encompassed feedback from over 3,000 participants covering all our stakeholder groups to understand what material topics matter most to them. The topics cover five broad themes touching on governance, environment, employees, society and products and services, which inform our strategic decisions in creating value over the short, medium and long term.

Refer to Material Matters on pages 29 to 31

Our Identified Material Matters:

-  Governance
-  Society
-  Environment
-  Products and Services
-  Employees

STRENGTHEN AND REINFORCE SUSTAINABILITY COMMITMENTS

Sustainability developments globally and within the markets where we operate, as indicated in our materiality assessment, serve as impetus that shapes our long-term strategy. This in turn shapes how we operate and how we support our stakeholders in their sustainability journey as part of our ambition to not only be the Sustainability Leader in SEA but create sustainable value for our stakeholders. We also demonstrate our efforts towards meeting the United Nations Sustainable Development Goals (UN SDGs) throughout this report.

For a more comprehensive review of our sustainability ambitions, efforts and achievements, refer to Material Matters on pages 29 to 31 and Sustainability Review on pages 119 to 122 in this report, as well as our Sustainability Report which is available on www.maybank.com/ar



ALLOCATE OUR RESOURCES AND INTEGRATE INTO OUR BUSINESS MODEL

In deciding how to manage and grow our business, we consider our resources and relationships that facilitate our value creation and preservation process and minimise value erosion. Our resources are captured as six capitals in the business model, which are deployed through our business activities to generate outputs that ultimately lead to capital outcomes that benefit specific stakeholders. Most outcomes will create value while some will see preservation or erosion. In making strategic decisions, there will also be trade-offs made between creating short-term and long-term value.

Refer to Business Model on pages 22 to 23

The Six Capitals That We Use to Create Value:

-  Financial Capital
-  Human Capital
-  Intellectual Capital
-  Social & Relationship Capital
-  Manufactured Capital
-  Natural Capital

CREATE VALUE AND DELIVER A POSITIVE IMPACT

Our ability to create value as a Group for our five stakeholder groups is carried out through our business activities overlaid with strong risk management and governance, which are reported in detail in this integrated annual report. We have also specified key indicators used to determine the value creation for our stakeholder groups at the business and Group levels.

Refer to How We Create Value on pages 24 to 25 and Key Performance Indicators on pages 42 to 43

Our Business Model



Our Core Values, TIGER serve as guiding principles to encourage practices that collectively form our unique culture

T EAMWORK
We work together as a team based on mutual respect and dignity

I NTEGRITY
We are trusted, professional and ethical in all our dealings

OUR CAPITALS...

FC FINANCIAL CAPITAL
Supported by:

- Strong capital and liquidity with Group CET1 capital ratio of 15.67% and liquidity coverage ratio of 145.4% in FY2022.
- Extensive retail franchise that generates a large customer funding base of RM639.40 billion while our credit rating strength (Local: AAA, Foreign: A-) allows access to diversified wholesale funding sources.

IC INTELLECTUAL CAPITAL
Built on:

- Strong brand reputation given our rich history and wide ASEAN presence.
- Reaffirmed as the most valuable bank brand in Malaysia with AAA rating, Top 5 ASEAN bank brand as well as being a Top 100 global bank brand.
- Integrated risk management culture and framework encompassing strategies, systems, processes and people.
- Strategic partnerships with technology players.

MC MANUFACTURED CAPITAL
Aimed at enhanced service delivery through:

- Easy access to 2,610 retail branches and 4,612 self-service terminals.
- Streamlining operational processes for greater efficiency through automation and digitalisation.
- Strong internet and mobile banking platforms in key ASEAN markets such as Malaysia, Singapore and Indonesia.
- Integrated digital ecosystems to deliver hyper-personalised solutions across the region.

HC HUMAN CAPITAL
Empowered by our Core Values, TIGER:

- Comprising a diversified workforce of over 43,000 employees across 18 countries.
- With emphasis on developing talents and building a sustainable succession pipeline by investing RM110.9 million to upskill employees through learning programmes.

SRC SOCIAL & RELATIONSHIP CAPITAL
Strengthening stakeholder relationships and empowering communities by:

- Providing access to financial inclusion solutions to vulnerable groups, microenterprises and SMEs.
- Invested RM29.4 million into Maybank Foundation's programmes that support communities.
- Leading and shaping conversations and initiatives with regulatory bodies, NGOs and peers.

NC NATURAL CAPITAL
Supporting its preservation through:

- Embedding ESG risk management practices into our business activities and internal operations, including establishing frameworks and pricing incentives that guide the development and mobilisation of RM80 billion in sustainable finance*.
- Managing our direct and indirect environmental impacts through energy efficiency programmes and our procurement process.

* Target for Commitment 1 has been revised from RM50 billion. Details are available in Our Strategy and Sustainability Review sections on pages 40 and 119

AND KEY DIFFERENTIATORS...

MAYBANK FIVE-YEAR STRATEGY (M25+)

M25+ PURPOSE

We are a **values-driven platform**, powered by a **bionic workforce** that **Humanises Financial Services**

GROUP STRATEGIC THRUSTS

- Intensify Customer-centricity
- Accelerate Digitalisation and Technology Modernisation
- Strengthen Maybank's Position beyond Malaysia
- Drive Leadership in Sustainability Agenda
- Achieve True Global Leadership in Islamic Banking

executed through our 12 Strategic Programmes

These considerations shape Our Strategy

Governance

Good governance is at our core

For details on our Corporate Governance, refer to page 95

Material Matters

For detailed Material Matters, refer to page 29

Principal Risks

CR

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ITR

CoR

ER

MoR

FR

TIR

PPR

ESGR

For details on Principal Risks, refer to page 36

Operating Environment

- Rising inflationary pressures
- Tightening monetary policies
- Uncertain economic environment
- Evolving customer preferences

For an Economic and Banking Sector Overview as well as Our Operating Context for our businesses, refer to pages 32 and 38

THROUGH OUR BUSINESS

BUSINESS ACTIVITIES
Our full suite of Islamic and conventional financial services includes:

Lending of Loans, Advances and Financing

Deposit Taking

Treasury & Markets

Investment Banking (IB)

Asset Management

Insurance & Takaful

Our Business Model

GROWTH

We are passionate about constant improvement and innovation

EXCELLENCE & EFFICIENCY

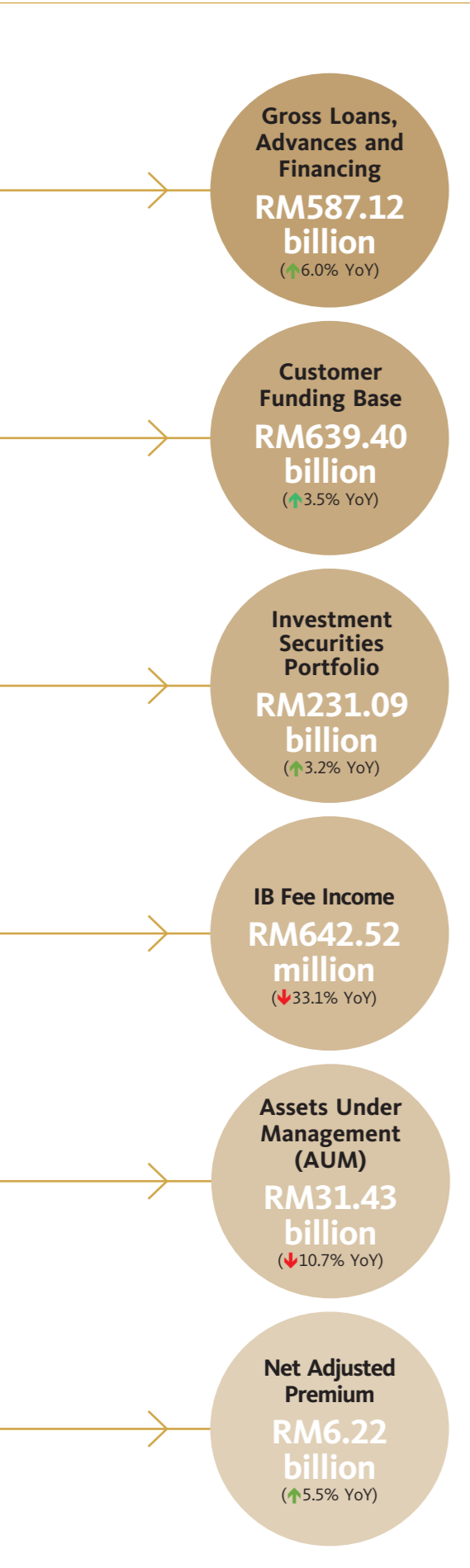
We are committed to delivering outstanding performance and superior service

RELATIONSHIP BUILDING

We continuously build genuine long-term and mutually beneficial partnerships

ACTIVITIES, GENERATE OUTPUTS...

TO CREATE VALUE-ADDED OUTCOMES FOR OUR STAKEHOLDERS.



FINANCIAL CAPITAL

- Earnings per share (EPS) of 68.8 sen from 69.7 sen. ●
- Return on Equity (ROE) improved to 10.0% from 9.8%. ●
- Total Assets increased by 6.7% YoY to RM947.81 billion. ●
- 58.0 sen per share total dividend declared for FY2022. ●
- Market capitalisation higher by 6.4% YoY to RM104.87 billion. ●
- Total Shareholder Return improved to 11.87% for FY2022 from 6.27%. ●

Refer to Key Messages to Shareholders, Reflections from our Group Chief Financial Officer, Investor Information and Financial Performance on pages 13 and 17, 44, 50 and 52

INTELLECTUAL CAPITAL

- Brand value increased by 1.1% YoY to USD3.95 billion. ●
- Market leading customer satisfaction score (NPS) of +24 (95th percentile) in 2022 vs. +23 (95th percentile) in 2021. ●
- Complaints resolved (SLA) stood at 96.2% in 2022 vs. 95.7% in 2021. ●
- Launch of digital offerings including Home²u, Wealth 360, Personal Digital Financing, and M2U (Lite) app. ●
- Rolled out sustainability products such as the MAMG Global Environment Fund and Etiqa's Premier Global Sustainable Equity Fund. ●

Refer to Group Community Financial Services, Group Global Banking, Group Insurance & Takaful, Group Islamic Banking, Pervasively Digital, Customer Experience and Sustainability Review on pages 57, 60, 63, 66, 69, 72 and 119

MANUFACTURED CAPITAL

- Increase in digital monetary transactions value by 12% YoY to RM1.00 trillion and volume by 4% YoY to 1.71 billion transactions. ●
- Market share of mobile and internet banking transaction volume at 53.1% and 50.2% in Malaysia. ●
- Number of 3-month active digital users increased 9% YoY to 8.97 million at Group level. ●
- 99.98% service uptime of digital channels in 2022. ●

Refer to Group Community Financial Services and Pervasively Digital on pages 57 and 69

HUMAN CAPITAL

- RM5.80 billion paid in salaries and rewards. ●
- Enhanced hybrid work arrangement and formalised Maybank Group Self-Led Sustainability & Volunteerism Policy. ●
- Provided financial and non-financial support to employees and their families. ●
- Succession realisation for Mission Critical Positions at 86%. ●

Refer to Group Human Capital on page 73 and Remuneration on page 76

SOCIAL & RELATIONSHIP CAPITAL

- RM2.31 billion mobilised for affordable housing in Malaysia. ●
- 18,120 microenterprises and SMEs benefitted from financial literacy and financing programmes. ●
- Micro insurance extended to 122,664 lower income individuals. ●
- 35,028 benefitted from social impact investments. ●
- Contributed RM4.03 billion in zakat and taxes. ●
- Active role in domestic and international leadership initiatives such as J3C, ASEAN Capital Markets Forum and COP27. ●

Refer to How We Distribute Value Created and Sustainability Review on pages 26 and 119

NATURAL CAPITAL

- Mobilised RM20.69 billion in sustainable finance. ●
- RM1.21 billion financing mobilised in electric/hybrid vehicles. ●
- Mobilised RM2.06 billion into green buildings and RM539.54 million into green homes. ●
- Updated Supplier Code of Conduct to integrate ESG considerations. ●
- 41% reduction (equivalent to 53,771 tCO₂e) in Maybank Group's Scope 1 and 2 emissions against our 2019 baseline. ●
- 62,311 tCO₂e emitted from the Group's own operations (i.e. Scope 1, 2 and Scope 3 for business travel). ●
- 25.8 million tCO₂e emitted from the Group's lending and investment activities. ●

Refer to Sustainability Review on page 119

● Value creation ● Value preservation ● Value erosion



STRATEGIC TRADE-OFFS FOR SUSTAINABLE LONG-TERM GROWTH

As we strive to create value for Maybank and our diverse stakeholder groups, we are bound to make conscious strategic trade-offs. Our long-term sustainability and viability are dependent on the decisions we make today. We continuously assess the outcomes of the capital inputs and balance the short- and long-term implications of our strategic decisions.

Some of our key trade-offs include:

SHORT-TERM PROFITABILITY VERSUS RESILIENT BALANCE SHEET

In an uncertain economic environment, our focus is to ensure we have a resilient balance sheet with strong liquidity and capital buffers for us to continuously support growth and create value for our stakeholders. In 2022, we maintained our prudent stance and continued to build pre-emptive provisioning while maintaining ample management overlays of RM1.70 billion as part of our asset quality management to mitigate against unexpected downside risks. Although this will have a short-term impact on profits, this will benefit financial capital over the medium to long term. Also, our capital and liquidity indicators remain robust with Group CET1 capital ratio of 15.67% and liquidity coverage ratio of 145.4%, well ahead of Bank Negara Malaysia's minimum requirements.

BUSINESS OPPORTUNITIES VERSUS SUSTAINABILITY CONSIDERATIONS

In line with efforts to embed sustainable practices within Maybank and among our customers, there will be short-term trade-offs between business opportunities and our overall ESG risk management practices and values. For instance, we will not venture into business opportunities that are not aligned with our ESG risk appetite and sector positions. Alternatively, we consciously facilitate green, social and sustainable activities aligned with our sustainability approach through the development of sustainable products and solutions. In the long run, this will add to our natural, financial and social capitals.

BALANCE BETWEEN DIGITAL CUSTOMER EXPERIENCE AND THE "HUMAN TOUCH"

As we ramp up our digital banking ambitions, more of our processes, products and services will be digitised and automated. This, in turn, will reduce the need for direct human interaction. We strive to maintain our humanising approach by integrating our digital and physical touchpoints to ensure we deliver consistent, seamless and personalised services across multiple channels. To do so, financial capital investments will be required in the near term to broaden our technological capabilities but result in improved financial returns over the longer term.

● Value creation ● Value preservation ● Value erosion



How We Create Value



CUSTOMERS Related Strategic Thrusts and Programmes: ALL EXCEPT SP10

Value for Maybank:

- Ability to sustain our growth across portfolios, regions and footprint.
- Strong brand reputation by building customer loyalty and trust as well as through positive endorsements.
- Strong customer base that keeps us relevant and helps us innovate timely offerings.

Value for Our Customers:

- Personalised solutions that meet customers' needs.
- Best-in-class customer journey and experience.
- Access to safe, fast and reliable physical and digital banking channels.
- Address customers' pain points quickly and effectively through engagement channels.
- Market leader in providing innovative solutions arising from emerging trends (i.e. digitalisation, sustainability).

Risks:

- Heightened competition from bank and non-bank players in addressing evolving customers' needs.
- Reduced customer loyalty from a lack of understanding of customers' needs or poor relationship management.
- Potential loss of customers arising from heightened threat of cyber attacks that result in personal data and financial losses.
- Risk of stranded assets if we do not provide alternative sustainable or transition solutions.

Opportunities:

- Build strong customer loyalty through improved engagement and understanding of customers' needs.
- Collaborate with customers for greater insights to design solutions that meet evolving needs.
- Expand customer base by targeting new customers through first-to-market solutions or innovative offerings.

How We Track Value:

- Yearly Net Promoter Score (NPS).
- Customer satisfaction scores, views or rankings as measured by surveys such as our annual External Customer Engagement Survey.
- Feedback from our Voice of Customer system.
- Number of customer complaints received and resolved; time taken to resolve customers' complaints.
- Number of customers utilising our various products and services on a monthly basis.

Refer to Customer Experience on page 72 as well as Sustainability Report for FY2022 metrics achievements

Related Capitals: IC MC SRC NC Related Material Matters: 🌐 🌱 🏠 Related UN SDGs: 1 7 8 9 11 13 16 17

INVESTORS Related Strategic Thrusts and Programmes: ALL

Value for Maybank:

- Access to a broad and diverse base of equity- and debt-holders to facilitate our growth plans.
- Attain fair ratings and valuation of Maybank's shares.

Value for Our Investors:

- Solid investment case given Maybank's track record of strong dividend payout.
- A proxy to growth in ASEAN economies given Maybank's presence in all 10 markets in the region.
- Well-established business backed by robust financial resources provides assurance on our ability to pay interest and repay debt capital.
- Maybank's holistic sustainability commitments demonstrate our seriousness to be an agent of climate change and sustainability leader in SEA.

Risks:

- Loss of investor confidence on poor financial performance, risk management or governance.
- Misreporting or inaccurate financial analysis by analysts/investors may unfavourably impact stock rating and share price performance.
- Increased cost of capital.

Opportunities:

- Provide transparent and timely disclosures on strategy and performance.
- Demonstrate consistent performance to raise investor confidence and interest in Maybank.
- Broaden access to competitively priced capital to support growth.

How We Track Value:

- Key annual financial guidance.
- Long-term sustainability commitments under M25+.
- Long-term financial outcomes under M25+.

Refer to Key Performance Indicators on page 42 for FY2022 metrics achievements

Related Capitals: FC IC SRC NC Related Material Matters: 🌐 🌱 🏠 Related UN SDGs: 12 13 16 17

REGULATORS AND GOVERNMENTS Related Strategic Thrusts and Programmes: ST2 ST4 SP9

Value for Maybank:

- Ability to operate across the region and receive guidance on rules, regulations and latest developments to remain operationally sound.
- Monetary and financial stability and governance to support economic growth and facilitate a favourable business environment.

Value for Our Regulators and Governments:

- As an industry leader, collaborate and provide views to facilitate policymaking decisions.
- Standard setter with best practices in place.
- Support their efforts in creating awareness on timely financial matters impacting customers (i.e. online scams, financial literacy).
- Taxes and zakat paid to governments.

Risks:

- Lack of preparation for changing regulations could impact operational costs and performance deliverables.
- Irregularities or non-compliance could pose negative financial or non-financial implications, including loss of reputation and trust.

Opportunities:

- Regular engagements provide timely update of industry developments and regulations that help shape effective decision-making.
- Leverage the deep insights and industry knowledge to adopt best practices and facilitate strategic collaborations.

How We Track Value:

- Conformance and compliance with regulatory expectations.
- Taxes and zakat paid.

Achievements:

- 100% compliance with regulatory expectations.
- RM4.03 billion in taxes and zakat paid.

Related Capitals: FC SRC Related Material Matters: 🌐 🌱 🏠 Related UN SDGs: 12 13 16 17

How We Create Value



COMMUNITIES

Related Strategic Thrusts and Programmes: **ST3** TO **ST5** **SP5** TO **SP9**

Value for Maybank:

- Build public trust to grow our presence and position.
- Identify needs of the wider community which enables us to explore avenues to support the underserved.
- Protect the wider environment and economies in which we operate.
- Enhance goodwill and strengthen our social licence to operate.

Value for Our Communities:

- Easily accessible banking facilities.
- Empowerment and increased earnings potential through our outreach programmes.
- Enabling access to basic essential needs like necessities, education and healthcare while promoting financial literacy.
- Various business and job opportunities arising from Maybank's socio-economic contributions.
- Leaving no one behind through greater social and financial inclusion.

Risks:

- Financing of activities that may damage the environment and its surrounding communities.
- Brand risk from potential lack of engagement and inclusion of surrounding communities.

Opportunities:

- Engage with communities and incorporate their needs into our financial offerings, thus helping to improve their lives.
- Drive financial literacy to improve education levels, reduce poverty and increase earning power.
- Viewed as a responsible business through outreach programmes.
- Identify new segments of potential customers and talent for employment.

How We Track Value:

- Number of individuals impacted by our community initiatives and flagship programmes on a monthly basis.
- Financial and non-financial benefits to individuals or communities impacted by our community programmes and initiatives on a monthly basis.
- Maybank Foundation programmes' monitoring (e.g. quarterly project monitoring reports, quarterly CR matrix progress tracking).

Refer to Sustainability Review on page 119 as well as Sustainability Report for FY2022 metrics achievements

Related Capitals: **SRC** **NC**

Related Material Matters:

Related UN SDGs:



EMPLOYEES

Related Strategic Thrusts and Programmes: **ST2** **ST4** **SP9** **SP10** **SP12**

Value for Maybank:

- Engaged employees demonstrate better productivity and make valuable contributions to deliver on business strategy.
- Drive innovation and transformation that keeps the organisation relevant and a market leader.
- Brand advocates with deep product knowledge and the ability to elevate customer experience.

Value for Our Employees:

- Holistic employee experience encompassing a conducive work environment that empowers creative thinking, embraces diversity, prioritises employees' well-being, and enables work-life integration through flexible work arrangements.
- Attractive benefits programme that caters to our employees' physical, mental and emotional well-being as well as their financial, social and career needs.
- Strong learning culture with best-in-class learning and development programmes to nurture our employees at all levels for career progression and long-term career relevance.

Risks:

- Inability to retain and attract the right talents for our business needs given the immense talent competition and evolving next-generation workforce trends.
- Potential gaps in workforce skillsets driven by digitalisation and automation.

Opportunities:

- Equip employees with FutureReady infrastructure through innovative digital platforms, processes and new age tools to increase productivity and efficiency.
- Design and enhance training and development programmes to build next-generation workforce that drives transformational growth.
- Integrate technology to enrich our employee engagements and talent management processes to create new-generation Employer Value Proposition.

How We Track Value:

- Employee training and development, including number of training hours logged.
- New employee hires and employee turnover rate.
- Workforce diversity, equity and inclusion metrics.
- Employee engagement and satisfaction metrics.
- Employee involvement in community investment and engagement activities.
- Number of hours spent on sustainability.

Refer to Group Human Capital on page 73 as well as Sustainability Report for FY2022 metrics achievements

Related Capitals: **IC** **MC** **HC** **SRC** **NC**

Related Material Matters:

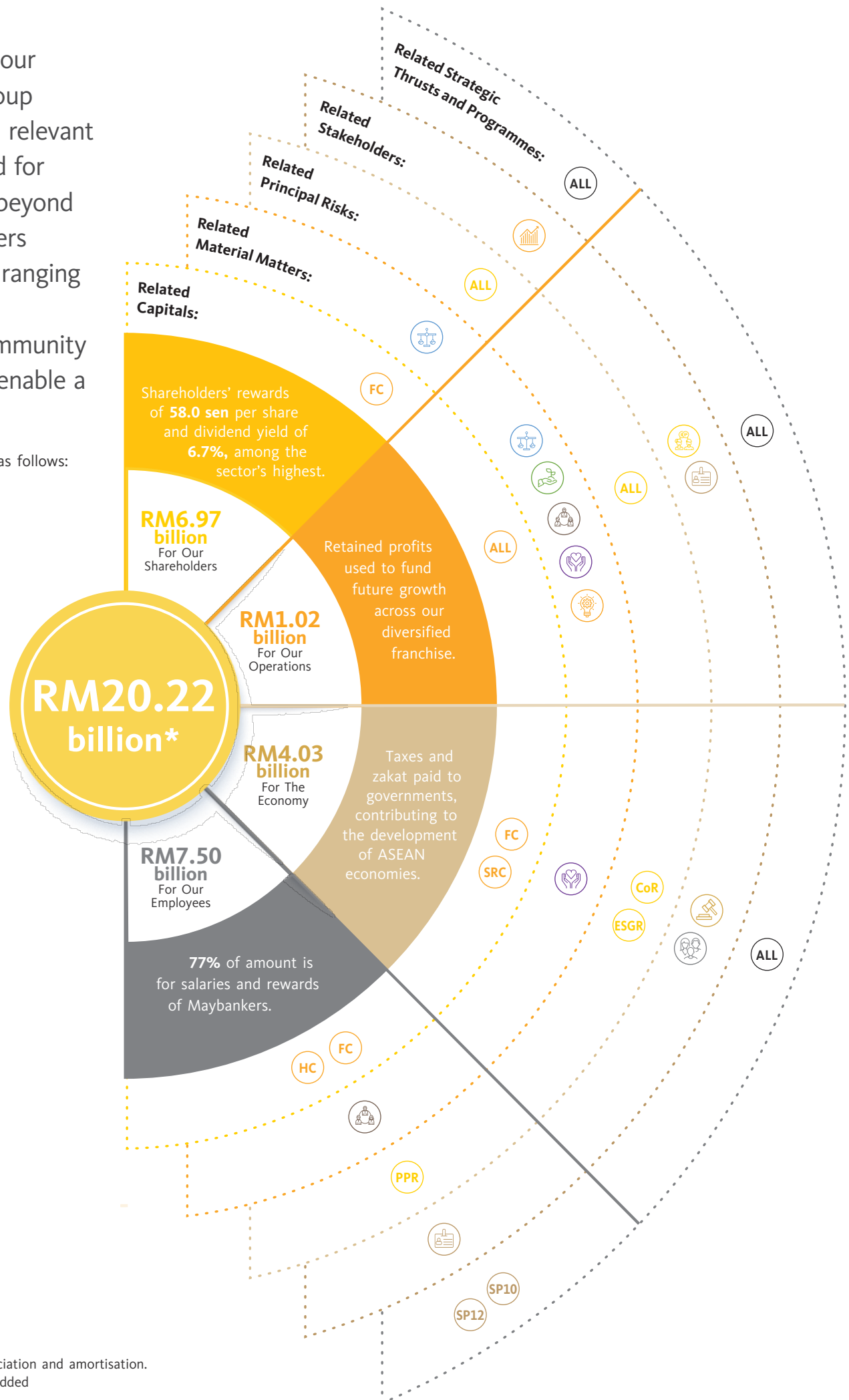
Related UN SDGs:



How We Distribute Value Created

In fulfilling our promise to our stakeholders, Maybank Group distributes 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 FY2022 was distributed as follows:



* Includes non-controlling interests and depreciation and amortisation. Refer to page 55 for Distribution of Value Added

Stakeholder Engagement

Engaging with our stakeholders on various platforms enables us to identify what is truly important to them and develop initiatives that cater to their evolving needs.

Daily Weekly Monthly Quarterly Annually

CUSTOMERS

Why We Engage:

- To understand their needs and expectations as well as identify gaps, so that we can serve them better and retain their loyalty as the preferred financial services provider.
- To create customer awareness on trends and issues that have a direct impact on them so that they can make better informed decisions.

To provide solutions that suit their needs, we engage with them via:

- Digital touchpoints and platforms (e.g. Maybank2u, Maybank2u Biz & Maybank2E websites and apps, MAE by Maybank2u, Maybank QRPayBiz App, Apple Pay, Maybank Trade, Maybank Invest (Thailand), Maybank2Own, Etiqa's portal and apps)
- Physical branches, Premier Wealth Centres, business centres, investment management centres, transaction banking centres, self-service terminals (e.g. ATMs)
- Customer Service Centres, sales representatives (e.g. Client Advisors, Relationship Managers, Personal Financial Advisors, Client Relationship and Client Coverage teams)
- Social media platforms
- Customer surveys and interviews
- Marketing campaigns and events

Objectives For Stakeholders:

- Improve customer experience with fast, simple, secure and convenient banking in real time.
- Develop integrated and hyper-personalised solutions that meet customers' priorities, including sustainable financing; and connect clients to growth opportunities across the region while assisting them in their transition journey.
- Provide competitive pricing and fair terms.
- Educate customers about market risk, fraud and scams, while ensuring fraud and scam prevention.
- Provide education and drive community empowerment initiatives leveraging digital capabilities to promote financial inclusion and literacy.

Our Response:

- Continue to develop initiatives to enhance our digital proposition, leveraging advanced analytics and strategic partnerships.
- Map end-to-end banking journey to address customers' priorities and pain points.
- Maintain a secure financing environment with heightened cyber and data security threat analysis and response.
- Expand ESG-related suite of financial solutions to support customers' sustainability journey, as identified under the Sustainable Product Framework.
- Develop easy-to-apply integrated offerings, e.g. mortgages (Home²u), personal loans (Personal Digital Financing) and digital wealth (MAE Wealth 360), to support customers through their life journeys.
- Support local businesses, microenterprises and underserved communities through digital solutions (e.g. Sama-Sama Lokal on MAE by Maybank2u) and agent banking (e.g. Bas Bergerak Maybank, POS Malaysia).

For more details, refer to Principal Risks, Group Community Financial Services, Group Global Banking, Group Insurance & Takaful, Group Islamic Banking, Pervasively Digital, Customer Experience, Statement on Risk Management and Internal Control, and Sustainability Review on pages 36, 57, 60, 63, 66, 69, 72, 106 and 119

Related Capitals: IC MC SRC NC

Related Material Matters:

Related UN SDGs:

INVESTORS

Why We Engage:

- To ensure clear, timely and effective communication to maintain credibility and trust with investors and facilitate their investment decisions in Maybank.
- To obtain feedback from investors on their investment views and expectations of Maybank for better alignment, so that we may meet these expectations and have sustained access to capital.

We engage with and update our financial capital providers via:

- Conferences and non-deal roadshows
- Quarterly analyst briefings
- Thematic investor day briefings
- One-on-one and group meetings with Group EXCO members and Head of Group External Communications and Investor Relations
- Dissemination of information and disclosure of materials on our website at www.maybank.com/ir
- AGMs and EGMs
- Annual integrated and sustainability reports

Objectives For Stakeholders:

- Ensure sustainable earnings and stable dividend stream through revenue growth and strategic long-term investments, capital optimisation, sweating of assets, diligent management of asset quality and liquidity and prudent risk management.
- Proactively manage asset quality and monitor credit risks from exposure to individuals and sectors affected by macroeconomic volatility.
- Embed sustainability considerations into lending and investment practices.
- Prudent and effective technology investments and partnerships, to remain ahead of emerging competition.

Our Response:

- Refocus our global footprint and leverage our diversified portfolio across ASEAN and key financial centres to create sustainable value.
- Emphasise strong liquidity and capital management to preserve financial viability and readiness to withstand macroeconomic uncertainty.
- Provide timely and comprehensive disclosures on asset quality and ESG risk management, as well as remaining repayment assistance exposures related to the COVID-19 pandemic.
- Realign risk appetite and lending strategies with industry outlook for balance sheet preservation.
- Provide updates on strategic investments and partnerships to develop digital and technological capabilities to stay ahead of emerging competition.

For more details, refer to Macrotrends Impacting Risk Assessment, Principal Risks, Reflections from Our Group Chief Financial Officer, Investor Information, Corporate Governance Overview Statement and Sustainability Review on pages 34, 36, 44, 50, 95 and 119

Related Capitals: FC IC SRC NC

Related Material Matters:

Related UN SDGs:

Stakeholder Engagement

Daily Weekly Monthly Quarterly Annually

REGULATORS AND GOVERNMENTS

Why We Engage:

- To remain informed on changes and developments impacting the sector and economy, run operations smoothly and be in compliance of legal and regulatory requirements.
- Collaborate and contribute in policy formulation and national development initiatives that benefit the larger economy.

To understand changes and impact of relevant laws, regulations and policies, we engage with regulators and governments via:

- Regular reporting, meetings, roundtable discussions and periodic updates
- Active participation and contribution to industry and regulatory consultation papers, forums and working groups

Objectives For Stakeholders:

- Adhere to laws and regulations, manage cyber risks, ensure monetary and financial stability, professional business conduct and fair treatment of financial consumers.
- Cultivate an ethical risk-aware culture that complies with regulations.
- Lead the industry and corporates in promoting and integrating emerging trends (e.g. fintech and sustainability).

Our Response:

- Continuous review and enhancement of our compliance and risk management monitoring tools, systems and processes.
- Ensure business units meet regulatory requirements while pursuing business objectives.

For more details, refer to Macrotrends Impacting Risk Assessment, Principal Risks, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Audit Committee Report on pages 34, 36, 95, 106 and 113

Related Capitals:

Related Material Matters:

Related UN SDGs:

COMMUNITIES

Why We Engage:

- To create a positive impact in our communities, either through access to financing and our service offerings or through our social initiatives and community programmes.
- To remain connected to the developments and trends surrounding our operations, helping to shape our relevance in these communities.

We engage with the local communities that we impact via:

- Capacity-building and economic empowerment initiatives
- Strategic partnerships, outreach and educational programmes
- Websites, social media channels and virtual communication platforms
- Community engagement surveys

Objectives For Stakeholders:

- Maximise the positive impact of our community initiatives towards a sustainable future for all.
- Support initiatives that address unemployment, low financial literacy and empower disadvantaged communities.
- Promote the availability, innovation and development of personalised financial solutions for the unbanked and underbanked.

Our Response:

- Continue to provide for underprivileged communities impacted by the pandemic and natural disasters.
- Reach out to communities via Maybank Foundation's flagship programmes, Maybank Islamic's Islamic Social Finance, Etiqa Cares and sustainability programmes, along with the MaybankHeart crowdfunding platform.
- Conduct digital financial and literacy programmes for SMEs, youth, the differently-abled and disadvantaged communities, young children and school teachers.
- Provide training and employment opportunities for graduates and youth.
- Distribute zakat funds for financial aid assistance to Asnaf communities through the MAE by Maybank2u app which promotes access to basic digital banking.

For more details, refer to Group Community Financial Services, Group Insurance & Takaful, Group Islamic Banking, Group Human Capital and Sustainability Review on pages 57, 63, 66, 73 and 119

Related Capitals:

Related Material Matters:

Related UN SDGs:

EMPLOYEES

Why We Engage:

- To provide clarity over Maybank's business objectives for smooth execution and delivery of the strategy.
- To be the employer of choice by understanding and addressing employees' concerns as well as keeping employees engaged and motivated.

To understand and cater to our employees' diverse needs, we engage with them via:

- Dialogue sessions with Group EXCO and other engagement initiatives (e.g. townhalls, roadshows, coffee talk sessions)
- Regular electronic communication (e.g. email, newsletters and portals) as well as virtual and social media channels
- Feedback platforms, including GHC Call Centre

Objectives For Stakeholders:

- Ensure a safe, caring and engaging work environment to enable work-life integration and successful navigation through the pandemic and beyond.
- Enable greater flexibility in performing daily functions via access to tools and arrangements that allow employees to work remotely with minimal interruption.
- Advocate diversity, equity and inclusion (DEI).
- Power a bionic workforce equipped with the right skills, capabilities, competencies and mindset to remain relevant.
- Build Next-Gen capabilities.

Our Response:

- Ensure employees' safety remains a priority, enabled by a hybrid work environment balanced against business needs.
- Prioritise employees' holistic well-being through various interventions, platforms and programmes while encouraging DEI.
- Upskill and reskill employees through continuous learning and development, with emphasis on sustainability and FutureReady programmes.

For more details, refer to Group Human Capital on page 73

Related Capitals:

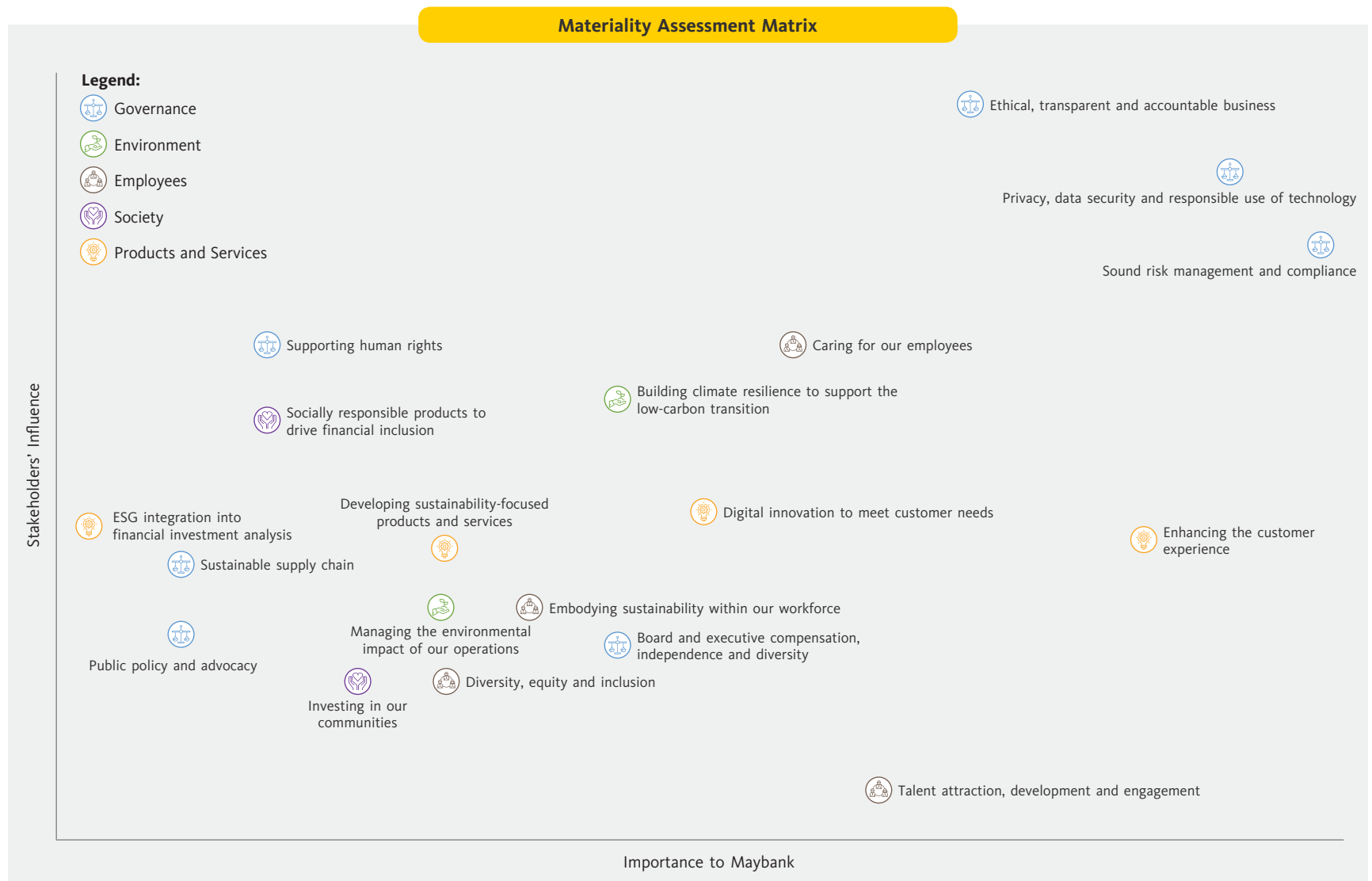
Related Material Matters:

Related UN SDGs:

Material Matters

In 2022, we undertook a materiality assessment which saw the participation of over 3,000 internal and external stakeholders through online surveys and engagements. Our aim was to capture the views of a broader range of stakeholders to reflect any priority shifts that may have taken place over the past two years, given the focus on recovery and moving forward after the COVID-19 pandemic. This was in contrast to the 2020 targeted approach where in-depth discussions were undertaken via one-on-one interviews to support our sustainability strategy development as part of our five-year plan.

We also reviewed and updated our material topics, ensuring continued relevance to industry ESG trends, taking into account updates to international reporting standards and sustainability ratings such as the Global Reporting Initiative (GRI), the Financial Times Stock Exchange Group (FTSE) ESG ratings, the Sustainability Accounting Standards Board (SASB), as well as the Dow Jones Sustainability Index (DJSI). The Group Sustainability Framework, M25+ strategy and the materiality assessment of our peers were also considered during this process. In addition, we aligned our material topics to Bursa Malaysia’s enhanced sustainability reporting framework by incorporating common sustainability matters. Following this review process, 19 material matters were identified for the 2022 materiality assessment, each aligned with our overall sustainability strategy. The results of the survey are shown in the matrix below and discussions on how we are addressing these material matters are summarised and cross-referenced in the subsequent pages of this chapter.



KEY OBSERVATIONS








Our internal and external stakeholders place the highest emphasis on matters related to Governance (**Ethical, transparent and accountable business; Privacy, data security and responsible use of technology; and Sound risk management and compliance**). **Caring for our employees** also emerged as a highly important matter, recognising that our people are critical to driving our business success. Efforts to strengthen and enhance our practices and culture via policies, awareness initiatives and training continue to be undertaken, particularly on key topics such as data privacy and protection, regulatory compliance, business ethics and human rights awareness across the Group.



Stakeholders expect Maybank to continue to integrate ESG considerations into our business activities (**Supporting human rights; Building climate resilience to support the low-carbon transition; and Socially responsible products to drive financial inclusion**). This is aligned with the growing importance of ESG within the region, as seen in national agendas and commitments towards building more sustainable

economies. In terms of climate resilience, Maybank established our Scope 3 financed emissions baseline, enabling us to identify and focus on areas that significantly contribute to our overall financed emissions. In addition to this exercise, which underlines our effort to transition to a low-carbon economy, we have established a Sustainable Product Framework to guide the development of green, social, sustainable and transition products more generally.

Enhancing the customer experience and leveraging **Digital innovation to meet customer needs** were identified as trending material issues within the financial sector, with the assessment reinforcing the importance of the two material topics to Maybank. These matters are addressed within our M25+ strategy where we continue to invest on enhancing our technological infrastructure to enable the development of hyper-personalised solutions that can support our customers’ lifestyles and needs, providing faster, easier and wider access to our financial products.

Material Matters

| GOVERNANCE | | Related Strategic Thrusts and Programmes: ST2 ST4 SP9 | | Principal Risks: ALL |
|--|---|---|--|----------------------|
| Material Matters: | Discussed in: | Related UN SDGs: | | |
| <p>Board and executive compensation, independence and diversity Compensation, accountability, independence and diversity of the company's Board and senior management, and sustainability governance/incentives at Board and senior management level.</p> | <p>Our Board and Senior Management's gender diversity is discussed in our Sustainability Report under Encouraging Diversity, Equity and Inclusion (p.84-85) and Sound Business Practices (p.98). In addition, our sustainability governance approach is detailed under Sustainability Governance (p.91-93). Corporate Governance Overview Statement in this report also discusses Board diversity (p.99), Board independence (p.101-102) as well as Board and executive remuneration (p.102-103).</p> |  | | |
| <p>Ethical, transparent and accountable business Frameworks, policies and practices that uphold high standards of ethics, integrity, transparency and accountability throughout our business and operations, to maintain stakeholders' trust in the organisation (e.g. zero-tolerance culture towards bad conduct including corruption and bribery, sound grievance mechanisms, ensuring the fair treatment of customers and clients, providing accurate and adequate information about our products and services, etc.).</p> | <p>Efforts to ensure ethical business conduct are discussed within our Sustainability Report, under Sound Business Practices (p.96-98). Details can also be found in our Statement on Risk Management and Internal Control (SORMIC) in this report (p.110-112).</p> |  | | |
| <p>Sound risk management and compliance Assessing and managing risks, and ensuring a strong compliance culture throughout the organisation to prevent major disruptions that may harm economies and societies at large.</p> | <p>Our risk management and compliance approach are mentioned in our Sustainability Report, under Sound Business Practices (p.96-100). Furthermore, our risk management efforts pertaining to ESG are discussed within ESG Risk Governance (p.94-96) and ESG Risk Management (p.41-43). Details can also be found under SORMIC in this report (p.106-112).</p> |  | | |
| <p>Sustainable supply chain Efforts to ensure high ESG standards in the supply chain through relevant policies and supplier engagement practices as well as approaches to diversify suppliers to include under-represented groups (e.g. disabled, women-owned, local community businesses).</p> | <p>Progress made towards ensuring a sustainable supply chain is detailed in our Sustainability Report, under Practising Responsible Procurement (p.100). Sustainability Review in this report also outlines details on our supply chain management (p.122).</p> |  | | |
| <p>Privacy, data security and responsible use of technology Responsible collection, use, storage and protection of data to safeguard employees' and customers' right to privacy (e.g. from cyber attacks).</p> | <p>Data privacy and protection is mentioned in our Sustainability Report under Sound Business Practices (p.97) and cyber security measures are also discussed under Managing Cyber Security Risks (p.99-100). Our policies are discussed under SORMIC in this report (p.110).</p> |  | | |
| <p>Public policy and advocacy Ensuring that efforts to drive public policy development and influence industry best practices are in alignment with our sustainability strategy.</p> | <p>Our efforts to drive sustainability within the industry are further discussed in the Sustainability Report, within Building Capabilities, Strengthening Partnerships (p.27) besides Sustainability Review in this report (p.122).</p> |  | | |
| <p>Supporting human rights Approaches, policies and due diligence processes to ensure respect for and protection of human rights for stakeholders throughout our value chain and business activities.</p> | <p>Our Sustainability Report details our approach to addressing human rights, within Sound Business Practices (p.98).</p> |  | | |

| ENVIRONMENT | | Related Strategic Thrusts, Programmes and Principal Risks: ST3 TO ST5 SP5 TO SP9 CR NFR ER FR ESGR | |
|--|--|--|--|
| Material Matters: | Discussed in: | Related UN SDGs: | |
| <p>Building climate resilience to support the low-carbon transition Embedding the management of climate-related risks and opportunities into our business activities to facilitate a just transition to a low-carbon economy (e.g. through supporting low-carbon solutions, engagement with industry networks, managing our exposure to high emitting sectors, etc.).</p> | <p>Our efforts in this regard are detailed under SORMIC (p.109-110) and Sustainability Review (p.120-122) in this report as well as in our Sustainability Report, within ESG Risk Management (p.41-43), Mobilising Sustainable Finance (p.34-39), Managing Our Financed Emissions (p.26-27) and Financing For Retail Customers (p.40).</p> |  | |
| <p>Managing the environmental impact of our operations Efforts to optimise resource consumption with the aim of managing our own environmental footprint (e.g. energy management, waste management, water consumption, GHG emissions, etc.).</p> | <p>Progress made in managing our environmental impact is discussed within our Sustainability Report, under Managing Our Operational Emissions (p.28-29) as well as Sustainability Review in this report (p.121-122).</p> |  | |

Material Matters

EMPLOYEES Related Strategic Thrusts, Programmes and Principal Risks: ST2 ST4 SP9 SP10 SP12 CoR FR PPR ESGR

| Material Matters: | Discussed in: | Related UN SDGs: |
|---|--|------------------|
| <p>Diversity, equity and inclusion Ensuring that diversity, equity and inclusion is reflected throughout our culture, by maintaining a workplace where all employees are treated fairly, with dignity and without discrimination.</p> | <p>This report outlines initiatives on employee engagement, well-being, rewards & remuneration, learning & development, nurturing talent as well as diversity, equity & inclusion, which can be found under Group Human Capital (p.74-75). Meanwhile, efforts to inculcate a sustainability culture can be found under Sustainability Review (p.122).</p> <p>The Sustainability Report expands on our human capital approach to upskill and develop our talents within Building an Agile Workforce (p.77-80) and Nurturing People (p.81-83). Furthermore, our DEI efforts are expanded in Encouraging Diversity, Equity and Inclusion (p.84-85), while our holistic approach to employee well-being is detailed in Caring For Our Employees' Well-being (p.80-81) and Engaging our People (p.83). We also promote volunteerism opportunities as highlighted in Empowering Community Impact (p.85).</p> | |
| <p>Caring for our employees Managing the health, safety and well-being of our employees through policies, processes, initiatives and labour standards that promote a positive work environment and improve work-life balance.</p> | | |
| <p>Embodying sustainability within our workforce Developing a sustainability culture within the organisation through training programmes, incentive systems and volunteerism opportunities, so that our employees are empowered to drive sustainable change.</p> | | |
| <p>Talent attraction, development and engagement Engagement, recruitment and retention of employees with relevant skills, and the investment in and development of a talent pool of employees and leadership.</p> | | |

SOCIETY Related Strategic Thrusts, Programmes and Principal Risks: ST3 TO ST5 SP5 TO SP9 CR NFR FR ESGR

| Material Matters: | Discussed in: | Related UN SDGs: |
|---|---|------------------|
| <p>Investing in our communities Leveraging our community empowerment programmes to create long-term sustainable impact for vulnerable and underserved communities across our countries of operation, including through improving their financial literacy and understanding.</p> | <p>Our community investment efforts are further elaborated within the Empowering Communities section of our Sustainability Report (p.60-75), as well as within Encouraging Volunteerism (p.60). Sustainability Review in this report details our focus on promoting financial literacy (p.121).</p> <p>Efforts to drive financial inclusion are covered under Sustainability Review in this report (p.121) and within our Sustainability Report, under Empowering SME Customers (p.45), Microfinance (p.46), and Empowerment Through Financial Inclusion (p.67-69).</p> | |
| <p>Socially responsible products to drive financial inclusion Promoting inclusive growth and creating positive socioeconomic impacts by providing access to affordable products and services that meet the needs of underserved consumers, including SMEs and Micro SMEs.</p> | | |

PRODUCTS AND SERVICES Related Strategic Thrusts, Programmes and Principal Risks: ALL EXCEPT SP10

| Material Matters: | Discussed in: | Related UN SDGs: |
|--|---|------------------|
| <p>Developing sustainability-focused products and services Innovative products and services that help advance sustainability (i.e. green loans, green bonds, microfinance, sustainable supply chain finance, etc.) and efforts to encourage customers to shift towards more sustainable performance and consumption patterns.</p> | <p>Our efforts towards developing sustainability-focused products and services are described under Sustainability Review in this report (p.120) and within our Sustainability Report, under Mobilising Sustainable Finance (p.34-37), Our Sustainable Product Framework (p.34-35), Solutions for Our Non-Retail Clients (p.38-39) and Financing For Retail Customers (p.40).</p> <p>Our efforts in this area are also elaborated in this report under Sustainability Review (p.120) as well as within our Sustainability Report, under Sustainable Product Framework (p.34-35) and Sustainable Investing (p.39).</p> <p>Details of our efforts to enhance the customer experience are contained under Customer Experience in this report (p.72) and elaborated under Reimagining the Customer Experience (p.51-53) and Prioritising Customer Satisfaction (p.53-54) in our Sustainability Report.</p> <p>Our digital innovation efforts are detailed under Pervasively Digital in this report (p.69-71) as well as within our Sustainability Report, under Our Digital Platforms (p.47) and Digitalising Lifestyles Across ASEAN (p.48-51).</p> | |
| <p>ESG integration into financial investment analysis Systematically integrating ESG factors into financial analysis across all asset classes and subsequently operationalising this analysis by making investment decisions based on ESG-related matters.</p> | | |
| <p>Enhancing the customer experience Efforts to transform into a customer-centric organisation by embedding a customer-centred approach into all lines of business and undertaking initiatives to improve the end-to-end customer experience and drive customer satisfaction.</p> | | |
| <p>Digital innovation to meet customer needs Becoming a lifestyle partner for our customers by leveraging advanced data analytics, digital systems and platforms, to consistently support our customers' evolving lifestyles and business needs.</p> | | |

Related Stakeholders:

Related Capitals:

Related Stakeholders:

Related Capitals:

Related Stakeholders:

Related Capitals:

Economic and Banking Sector Overview


MACROECONOMIC REVIEW AND OUTLOOK


In 2022, ASEAN nations reopened their economies leading to strong GDP recovery from the pandemic. While ASEAN-6 growth picked up by 5.7% (2021: 4.1%) with the reopening of economies, global GDP growth (2022: 3.0%; 2021: 6.0%) was moderated by worldwide central banks' move to address rising inflation. In addition, ongoing geopolitical uncertainties also contributed to the more moderate global growth.

Global GDP is anticipated to grow more moderately at 1.9% in 2023 (2022: 3.0% YoY) arising from a higher inflation and interest rate environment, which is expected to impact major advanced economies unfavourably. We anticipate inflation to peak and begin moderating in 2023, which will pause the global interest rate hike cycle. ASEAN is emerging as a defensive harbour against the backdrop of a lingering high inflation-high interest rate environment and global recession risk. ASEAN-6 GDP growth is expected to ease but remain relatively resilient at 4.5% in 2023 (2022: 5.7%). ASEAN will continue to be supported by the reopening tailwinds and inflow of foreign direct investments (FDI) amid the ongoing diversification of manufacturing operations and capacity in response to geopolitical risk and the need for supply chain resilience and security.

For business outlook and how material risks and opportunities were addressed, refer to Macrotrends Impacting Risk Assessment on page 34 and Our Operating Context on page 38

| | | |
|--|---|---|
|  MALAYSIA | GDP: 2023 (f): 4.0% 2022: 8.7% 2021: 3.1% | OPR: 2023 (f): 2.75% - 3.00% 2022: 2.75% 2021: 1.75% |
| 2022 Operating Landscape | | |
| <p>Positives:</p> <ul style="list-style-type: none"> Full reopening of the economy from April 2022 led to real GDP growth surge amid pent-up spending and normalisation of business activities. Double-digit export growth, underpinned by the rise in commodity prices and strong demand for electronics. Firmer rebound in tourism industry as the increase in domestic travel was complemented by recovery in inbound tourists. Improvement in actual/realised private sector investment (especially FDI) following record-high approved private sector investment in 2021 that remained robust in 2022. | <p>Negatives:</p> <ul style="list-style-type: none"> Higher inflation and interest rates amid increase in global commodity prices due to the Russia-Ukraine war and recurring lockdowns in China that disrupted global supply chains. High cost of living affecting households, and rising cost of doing business. Domestic political uncertainty resulting in a snap general election in November. Stronger US dollar against ringgit amid aggressive interest rate hikes by US Federal Reserve, further exacerbated by domestic political uncertainty. | <p>2023 Outlook</p> <ul style="list-style-type: none"> Lower real GDP forecast in 2023 primarily reflecting slower consumer spending and external trade growth. While BNM left OPR unchanged at 2.75% during the January Monetary Policy Committee meeting, there is still potential for another hike to bring OPR back to pre-pandemic level. Potential upsides include shallower and shorter global recession; faster than expected economic growth in China; interest rate cuts; and de-escalation in geopolitical tensions. Downside risks include prolonged slow global economic growth; higher inflation due to changes in domestic policies on subsidies and price controls; higher external and domestic policy interest rates; prolonged worker shortage; continued geopolitical uncertainty; and emergence of new variants of COVID-19. Mitigating factors to curb uncertainties include drawdown of excess savings to buffer consumer spending; inbound tourism recovery; investment growth sustaining momentum; and a pro-growth Budget 2023. |

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|---|--|--|
|  SINGAPORE | GDP: 2023 (f): 1.7% 2022: 3.6% 2021: 8.9% | 3M SIBOR: 2023 (f): 4.8% 2022: 4.25% 2021: 0.44% |
| 2022 Operating Landscape | | |
| <p>Positives:</p> <ul style="list-style-type: none"> The service sector was a key driver of economic reopening tailwinds, boosted by recovery of consumer and tourism-related sectors such as retail trade, accommodation and food services, and air transport. Construction also rebounded from last year's low base, although it remained below pre-pandemic levels. Supporting growth: <ul style="list-style-type: none"> Strong position as regional financial centre, particularly in forex trade deals, private banking and asset management; and as regional headquarters for multi-national corporations (MNCs). Beneficiary of the US-China trade war, China's zero COVID-19 strategy, and Hong Kong's political uncertainties from Singapore's neutral stance. | <p>Negatives:</p> <ul style="list-style-type: none"> Manufacturing sector slowed from reduced global demand for semiconductors and consumer electronics amid rising recessionary risks. This caused a contraction in non-oil domestic exports volume. Domestic interest rates (particularly mortgage rates) rose rapidly in line with the US Fed's monetary policy tightening, adding to household debt commitments. Property cooling measures effective 30 September 2022, such as private property owners having to wait 15 months after selling their property before being able to buy non-subsidised Housing & Development Board (HDB) resale flats, and lower loan-to-value (LTV) limit for HDB loans. | <p>2023 Outlook</p> <ul style="list-style-type: none"> Two-sided economy emerging, which will diverge even more in 2023. Electronics manufacturing and trade-related services will stagnate and perhaps even contract in some months, while the services sector – hospitality, aviation, retail, recreation and construction – will maintain healthy growth. China's reopening may help to cushion slower external demand in the US and Europe, and lift visitor arrivals. Monetary Authority of Singapore (MAS) is likely to tighten monetary policy for the sixth time since October 2021 by re-centering S\$NEER to the prevailing level as core inflation remains elevated. Budget FY2023 remains expansionary with a small deficit (SGD0.4 billion or 0.1% of GDP) to help the lower-income and more vulnerable households, support young families and help businesses weather macroeconomic headwinds. GST Assurance Package was topped up by SGD3 billion, while more wealth taxes were imposed for higher-end property sales and luxury cars. Property cooling measures are expected to soften the property market. |

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|--|---|---|
|  INDONESIA | GDP: 2023 (f): 5.0% 2022: 5.3% 2021: 3.7% | Reference Rate: 2023 (f): 5.75% 2022: 5.50% 2021: 3.50% |
| 2022 Operating Landscape | | |
| <p>Positives:</p> <ul style="list-style-type: none"> Economic reopening, healthy foreign investments and resilient external demand supported stronger GDP growth for 2022. Robust exports driven by higher commodity prices (coal, LNG, nickel) resulted in a current account surplus, and boosted fiscal revenue which rose by 31% YoY, about 16% above the target. Fiscal deficit in 2022, at 2.38% of GDP, was much smaller than the government's initial estimate of 4.85% of GDP, supported by strong revenues. | <p>Negatives:</p> <ul style="list-style-type: none"> Layoffs were reported to have risen to almost one million in 2022 due to visibly slower exports from September 2022 onwards and the impact of the pandemic, which is still being felt by some companies. Bank Indonesia (BI) raised reference rates by a total of 200 bps between August and December amid inflation pressure following the 30% hike in subsidised fuel prices. | <p>2023 Outlook</p> <ul style="list-style-type: none"> Domestic demand to remain steady in 2023, while external demand to moderate amid slower global growth. BI to allow easier credit rules including reduced down payments on property purchases (100% LTV) and for auto loans, which were extended to end-2023 from earlier expiry at end-2022. Inflation anticipated to stay elevated at 4.2% YoY as the impact of the 30% fuel price hike trickles over to transport costs. BI is expected to keep its policy rate at 5.75% following the 25 bps hike in January 2023, as inflation eases and the Rupiah improves. BI's focus will likely shift towards supporting growth. Budget 2023 set the fiscal deficit at IDR598 trillion (2.84% of GDP). While state revenue from natural resources is expected to decline in 2023, the Finance Ministry expects corporate income tax to support revenue amid the economic recovery. |

Economic and Banking Sector Overview

BANKING SECTOR REVIEW AND OUTLOOK



MALAYSIA

System Loans: 2023 (f): 4.8% | 2022: 5.7% | 2021: 4.6%

2022 Review

- The sector benefitted from the economic reopening and recovery of business activities. Mortgage lending and hire purchase financing remained robust while lending to businesses picked up pace.
- Industry loan growth gathered momentum and rose 5.7% YoY in 2022, faster than the growth of 4.6% YoY in 2021. Household loans rose 5.9% YoY while non-household loans expanded 5.3% YoY.
- Net interest margin (NIM) expanded on the back of the four rate hikes during the year, taking the Overnight Policy Rate up 100 bps to 2.75% by end-2022.
- Investment income was affected by the rise in bond yields. Meanwhile, operating expenses picked up after two years of reduced spending during the periods of restricted movement.
- Credit costs remained elevated as banks continued to pre-emptively provide for potential asset quality deterioration of loans under moratorium and ahead of any potential consumption impact from rising interest rates. The industry's gross impaired loans ratio remained healthy, albeit marginally higher at 1.72% as at end December 2022 (end December 2021: 1.68%). Loan loss coverage averaged 98%.
- The expansion in earnings was moderated by Cukai Makmur. Dividend payouts for most have returned to pre-COVID-19 levels.

2023 Outlook

- Loans growth is expected to moderate in tandem with domestic economic growth.
- With deposit competition increasing and higher cost of funds, we anticipate that NIM will potentially remain flat or contract.
- Credit costs are expected to remain relatively moderate as banks have built up substantial pre-emptive provisions and are well positioned to weather through slower growth.
- There is potential for earnings to gain double-digit growth if corporate tax rates normalise in 2023.
- The five digital banks are expected to commence operations towards 2H 2023, but are unlikely to pose much of a competition to the incumbents anytime soon.



SINGAPORE

System Loans: 2023 (f): 1.0% | 2022*: -2.1% | 2021: 7.4%

2022 Review

- System loans reduced by 2.1% YoY in 2022 despite a healthy pick-up in the domestic Singapore economy. The divergence was largely due to non-resident lending, which declined by 6.8% YoY, while resident lending increased 1.3% YoY.
- Reopening of domestic sectors such as construction, transport and large corporates drove loan demand as well as rising mortgages amid drawdowns. Meanwhile, non-resident lending to sectors such as manufacturing and logistics was muted amid slower global demand, while wealth management related lending (as well as fees) declined from market volatility.
- NIM expanded as asset yields re-priced higher due to the US Fed and regional central bank rate hikes. Sector NIM expanded 32 bps YoY, the fastest pace in over a decade, which more than offset the decline in loans volume growth.
- System NPLs reduced to 1.84% vs. 2.12% in 2021. Loans under moratorium were at negligible levels while regional reopening tailwinds supported asset quality. There were limited signs of systemic stress across sectors.
- Specific provisions saw some YoY increases, while there were some small write-backs in general provisions. There are no systemic asset quality pressures seen so far.
- Overall, deposits expanded a further 7% YoY (2021: 6%). SGD deposits had moderate growth at 1% YoY whereas FX deposits increased 13% YoY pointing to safe haven liquidity inflows.

2023 Outlook

- NIM to expand at a slower pace in 2023 as interest rates persist to rise and the US Fed and regional central banks continue to manage inflation.
- Loans growth expected to be muted amid slower global economic growth expectations. However, with China reopening its market, there could be potential upside to loans growth.
- Near 100% provisioning coverage is anticipated to keep credit charges at long-run rates. However, excess provisions put in place during the pandemic are unlikely to see write-backs given macro uncertainties.
- Improving market conditions could drive wealth management, fund management fee income as well as trading income.
- The sector is anticipated to accelerate hyper-personalised banking services leveraging Artificial Intelligence and Big Data in 2023 to capture a larger share of fees in mass market wealth management.



INDONESIA

System Loans: 2023 (f): 9.5% | 2022: 11.4% | 2021: 5.2%

2022 Review

- Loans growth accelerated to 11.4% YoY supported by attractive lending rates. Credit demand remained strong in all segments, i.e. investment, working capital and consumer lending as regional economic reopening spurred recovery in business activities.
- Gross NPL ratio improved to 2.44% as at end December 2022 (end December 2021: 3.00%) while net NPL ratio stood at 0.71%, as the economic reopening enabled businesses to resume operations thus meet repayments.
- Loan-to-deposit ratio (LDR) rose to 80.5% (end December 2021: 77.1%) from stronger loans growth. Deposits grew 9.0% (2021: 9.4%).
- NIM expanded to 4.71% (2021: 4.51%) along with the stronger loans growth.
- Capital adequacy ratio was 25.6% as at end December 2022, well above the minimum regulatory requirement of 8%.

2023 Outlook

- We expect loans to grow by 9.5% in 2023 from higher demand for working capital and investment, while deposits slow down to 8%, resulting in tightening liquidity with LDR expected to increase to 85%.
- The termination of loan restructuring in March 2023, except for micro SMEs, hospitality and labour-intensive sectors, is expected to cause banks' NPL ratios to rise.
- We expect cost of funds to increase as funding competition continues to rise and BI maintains its higher reference rates and reserve requirement ratio.
- We see strong government support for subsidised micro loans with the target disbursement increasing by about 20% to IDR450 trillion from IDR373 trillion in 2022.

* Based on refreshed MAS disclosure of resident and non-resident lending, excluding interbank

Macrotrends Impacting Risk Assessment

In light of the operating landscape in 2022, we have identified significant macrotrends that impact the risk assessment of our businesses in our home countries and across the region.

ECONOMIC UNCERTAINTY

[2022 ↔ 2021 ↔]

Key Drivers:

- Uncertain economic growth amid rising inflationary pressure.
- Changes in domestic monetary policies to counter rising interest rate globally and strong US dollar.
- Significant weakening of global financial markets.

Implications to Maybank:

- Slower economic activities due to cautious business and consumer sentiments could lead to lower profitability.
- Potentially weaker asset quality.

Key Actions Undertaken in 2022:

- Enhanced our analytical capabilities/tools to enable data-driven decision-making.
- Continuously delivered actionable risk intelligence by providing recommendations and tailored plans to identify new revenue pools and manage our portfolio.
- Proactively monitored economic developments and realigned the Group's portfolio/business strategy.
- Identified emerging risks through stress tests and scenario analysis, and formulated pre-emptive actions to address possible impacts.

Related Capitals: 

Related Material Matters: 

Related Principal Risks:   

ESCALATING GEOPOLITICAL RISK

[2022 ↑ 2021 ↑]

Key Drivers:

- Geopolitical tensions leading to supply chain disruptions, inflation and market volatility.

Implications to Maybank:

- Slower credit growth due to weaker business and consumer confidence.

Key Actions Undertaken in 2022:

- Enhanced communication mechanism that provides timely and insightful information on risks/opportunities for better decision-making.
- Realigned the Group's portfolio/business strategy according to geopolitical developments.

Related Capitals: 

Related Material Matters: 

Related Principal Risks:  

TECHNOLOGY AND DIGITAL DISRUPTIONS

[2022 ↑ 2021 ↑]

Key Drivers:

- Accelerating digitalisation, technology adoption and innovation to stay competitive, enhance productivity and improve the customer experience.
- Heightened regulatory expectations to ensure financial system availability and security against increasingly sophisticated cyber attacks.

Implications to Maybank:

- Heightened need for resilience in information technology (IT) systems in view of increasing dependence on digital platforms and new technologies.
- Potential internal operational recovery cost, opportunity loss and legal fees.
- Potential damage to our reputation and resilience.

Key Actions Undertaken in 2022:

- Continued to enhance IT infrastructure (ecosystem), cyber defence and technology capabilities to remain operationally resilient and limit systemic disruptions.
- Monitored the adequacy and effectiveness of our IT controls and new/emerging IT risks associated with our digital acceleration.

Related Capitals:    

Related Material Matters: 

Related Principal Risks:   

Macrotrends Impacting Risk Assessment

RISING OPERATIONAL CHALLENGES

[2022 ↑ 2021 ↑]

Key Drivers:

- Increasing operational challenges caused by:
 - Shifting clients' preference towards digital channels, products and services.
 - New ways of agile working.
 - Increase in third-parties' involvement.
- Social engineering attacks due to increased reliance on technology.
- Technology talent shortage amid digital transformation race requiring new tech skills.

Implications to Maybank:

- Potential loss in revenue, reputation and/or productivity from failure to maintain operational resilience across the supply chain.
- Potential impact on our trustworthiness/reputation due to data breaches, leading to increased costs to address the situation.
- Inability to hire and retain the right talents may affect our long-term sustainability.

Key Actions Undertaken in 2022:

- Strengthened the Group's operational resilience through robust business continuity and long-term strategic plans, including ongoing platform enhancements and assessment of the business, infrastructure, critical service providers and workplace requirements.
- Workforce futurisation by accelerating our employees' development through adaptive tools, professionally accredited training and upskilling.

Related Capitals:

Related Material Matters:

Related Principal Risks:

INCREASING SUSTAINABILITY EXPECTATIONS

[2022 ↑ 2021 ↑]

Key Drivers:

- Heightened regulatory expectations and reporting requirements related to sustainability from a governance, disclosure and risk management perspective.
- Greater interest and expectations on sustainability practices from various stakeholders including our Board and Management.

Implications to Maybank:

- Heightened credit risk of clients who do not adopt ESG practices or are exposed to climate change impacts and transition risks.
- Increased market risk due to a shift in investor preference away from carbon intensive sectors or investees with poor ESG practices.
- Impact of climate change on business continuity, insurance coverage and/or premiums.
- Financial, regulatory and/or reputational impact from Maybank's or investees'/clients' inability to address ESG requirements in a timely manner.

Key Actions Undertaken in 2022:

- Commenced development of Climate Risk Policy to establish the approach in managing climate risk.
- Established Sustainable Product Framework to promote the development of sustainable products and determine customers' eligibility for sustainable finance.
- Established Scope 3 financed emissions baseline.
- Obtained Board approval for the Group's ESG Risk Appetite Statement.
- Established the Sustainability Circle to cultivate internal sustainability advocates.

Related Capitals:


Related Material Matters:

Related Principal Risks:

Note: Year-on-year risk movement: ↑ Increase ↓ Decrease ↔ No change

Principal Risks

Despite continued uncertainties in our operating environment, we have demonstrated resilience in our ability to manage emerging risks consistently across the Group in line with our risk appetite. The Group's principal risks FY2022 are outlined along with actions taken to manage them, ensuring the ability to achieve our strategic goals.


 For more on how the Group manages our risks and internal controls, refer to the Statement on Risk Management and Internal Control on page 106

1 CREDIT RISK

Loss of principal or income from failure of obligors or counterparties to meet contractual obligations in accordance with agreed terms.

Key Actions:

- Adopted a holistic risk management approach focusing on sustainable long-term portfolio growth, and early mitigation strategies for distressed portfolios.
- Established business strategy for target client segments and sectors according to Risk Acceptance Criteria (RAC) and Industry Prioritisation Matrix (IPM).
- Continuously enhanced account monitoring tool and automation process to assist business units in timely identification of vulnerable accounts.
- Integration of ESG-related risk assessment in underwriting of credit propositions to mitigate risk of stranded assets which may lead to credit risk.
- Incorporated ESG elements and requirements into the Group Credit Risk Framework and Policy as well as other credit risk documents.
- Established and refined the RAC for high-risk sectors including credit and ESG criteria to support the transition to sustainable financing and practices.
- Established an updated governance process for new collateral or changes to existing collateral requirements.
- Revised the guidance on bullet and balloon loan repayment structure to address refinancing risk.


 For more information, refer to credit risk management on page 157 of the Financial Statements and Basel II Pillar 3 Disclosure on Credit Risk on www.maybank.com/ar

2 MARKET RISK

Potential loss of economic value from adverse movements in financial market rates or prices such as interest rates, foreign exchange rates, credit spreads, commodities and equity prices.

Key Actions:

- Aside from periodic thematic reviews, stress testing and ad-hoc stress tests for insights into banking and trading book exposures, we also proactively assessed banking book portfolio risks for opportunities and vulnerabilities in a rising interest rate environment, and for strategy planning.
- Bi-annual review of Maybank Group Trading Book limits to cater for anticipated changes in risk profile and business strategy.


 For more information, refer to market risk management on page 180 of the Financial Statements and Basel II Pillar 3 Disclosure on Market Risk on www.maybank.com/ar

3 LIQUIDITY RISK

Adverse impact on the Group's financial condition or overall soundness from the (perceived) inability to meet our obligations.

Key Actions:

- Active liquidity management to ensure sufficient funding to support balance sheet strategies.
- Enhanced liquidity coverage reporting to optimise liquidity management.
- Periodic thematic reviews, stress testing and reverse stress testing for effective liquidity risk management.
- Refinement of liquidity stress test methodology.

 For more information, refer to liquidity risk management on page 194 of the Financial Statements and Basel II Pillar 3 Disclosure on Liquidity Risk on www.maybank.com/ar

4 NON-FINANCIAL RISK

Operational events or external factors could result in monetary losses or negatively impact our brand value and/or stakeholders' perception of the Group.

Key Actions:

- Established an integrated Governance, Risk and Compliance (GRC) Solution to improve analytics capability.
- Established a real-time and integrated approach in managing and responding to risk building resilience and improving customer experience.
- Strengthened operational resilience management via measures such as establishing permanent split operations, monitoring systems availability and business continuity planning across the supply chain.


 For more information, refer to Basel II Pillar 3 Disclosure on Non-Financial Risk on www.maybank.com/ar

5 INFORMATION TECHNOLOGY (IT) RISK

Financial loss, disruption or reputational damage caused by failure of people, processes or technology leading to cyber attack on critical systems and/or unavailability of critical technology components.

Key Actions:

- Implemented and continuously improved an effective IT strategy enabling the Group to remain competitive and resilient.
- Risk governance oversight of enterprise IT systems with the relevant frameworks, policy and procedures to manage and monitor technology and cyber risk.
- Engaged external partners to review our internal controls and identify areas for improvement.
- Continuously reviewed and enhanced internal risk assessment of outsourced service providers to ensure adequate security controls.
- Enhanced employee awareness of cyber hygiene.


 For more information on how we manage IT Risk, refer to Pervasively Digital and Statement on Risk Management and Internal Control on pages 69 and 110

6 COMPLIANCE RISK

Changing regulations could adversely impact the Group's competitiveness and ability to conduct business efficiently.

Key Actions:

- Continuous engagement with regulatory authorities.
- Strengthened policies, processes and controls in anticipation of and in response to new regulations, key regulatory trends, emerging risks as well as domestic and international concerns.
- Continuous efforts to further enhance our compliance and awareness to reflect a corporate culture of high ethical standards and integrity.

 For more information, refer to Statement on Risk Management and Internal Control on page 109

Principal Risks

7 ENTERPRISE RISK

Risk arising from business/strategy, industry, reputational, corporate governance, sustainability or data quality matters.

Key Actions:

- Strengthened data accessibility and availability through shared data platform, risk data glossary enhancements and enforcing data controls based on accurate, complete and timely data.
- Continued to support lines of business to develop dynamic tools to manage the Group's portfolio risk.
- Enhanced Reputational Risk Internal Capital Adequacy Assessment Process (ICAAP) assessment and process.

8 MODEL RISK

Risk of a model not performing the tasks or capturing the risks it was designed to.

Key Actions:


- Established model risk management framework and policy to manage and mitigate model risk in the Group.
- Continuously conducted sensitivity analysis for relevant models to assess the impact of loans under repayment assistance as they gradually expire.
- Conducted peer review of various non-regulatory models to ensure robustness.
- Enhanced model monitoring framework to ensure timely detection of model weaknesses.
- Initiated trial automation for various aspects of model lifecycle to increase efficiency and reduce risk of error.
- Increased training and use of open-source tools and languages to ensure agility and reduce reliance on vendors to improve cost efficiency.
- Sharing of best practices and tools between Risk Centres of Excellence (COEs) to elevate the expertise of modellers across the Group.

9 FINANCIAL RISK

Inability to meet minimum regulatory capital requirements and/or to maintain sustainable profits.

Key Actions:

- Continuous measures to monitor and improve risk-weighted asset consumption across the Group, such as fine-tuning our models, internal processes as well as our policies.
- Enhanced the customer experience and drove profitability by deepening wallet share, boosting digital propositions via ecosystems and analytics capabilities, and refining end-to-end customer journeys.
- Execution of M25+ strategic programmes to strengthen market positions, capture new growth opportunities and future-proof our infrastructure and capabilities.

 For more information, refer to Reflections from Our Group Chief Financial Officer, Pervasively Digital, Customer Experience, and Sustainability Review on pages 44, 69, 72, 119 and financial risk management on page 151 of the Financial Statements

10 TAKAFUL & INSURANCE RISK

Adverse deviation in underlying assumptions on which product, pricing, underwriting, claims, reserving and retakaful/reinsurance have been made.

Key Actions:


- Conducted stress tests with different scenarios to support the decision-making process.
- Prepared for implementation of regulatory-driven projects such as Phased Liberalisation of Motor and Fire Tariffs and Climate Risk Management and Scenario Analysis.
- Enhanced Takaful and Insurance management reporting by embedding predictive analytics.
- Actively calibrated and monitored key risk indicators.

11 PEOPLE AND PERFORMANCE RISK

Loss arising from misconduct or industrial strife.

Key Actions:

- Our People and Performance risks are managed in accordance with our Group Human Capital policies and framework.


 For more information on how we manage our people, refer to Group Human Capital and Statement on Risk Management and Internal Control on pages 73 and 111

12 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK

Failure to address ESG concerns could impact our business sustainability, the value of our assets and liabilities, and reputation.


Key Actions:

- Rolled out ESG screening to embed ESG considerations into the process of evaluating corporate clients.
- Enhanced our position papers for existing high ESG risk sectors and broadened our Palm Oil position to cover the Agriculture industry.
- Embarked on strategic affiliations with the Partnership for Carbon Accounting Financials (PCAF), UN Global Compact (UNGC) and UNEP FI Net Zero Banking Alliance (NZBA), while becoming an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) for technical guidance and insights into enhancing our sustainability practices.
- Embarked on engagement with major contributors to the Group's financed emissions to support their transition journeys.
- Engaged with Bursa Malaysia, Malaysian Sustainable Finance Initiative (MSFI), UNGC and Bloomberg on various aspects of sustainability, in addition to chairing the Association of Banks in Malaysia ESG Committee, to help shape industry practices.
- Rolled out our geospatial application for the agriculture sector that provides ESG-related pre-screening assessment of underlying assets, facilitating effective management of portfolio risks by our business units.
- Expanded industry ESG research coverage to capture potential risks and opportunities within the entire value chain of each industry.

 For more information, refer to the Sustainability Report which will be made available online at www.maybank.com/ar and www.maybankfoundation.com

Our Operating Context

The most significant trend in 2022 was a gradual yet discernible global economic recovery with the resumption of business activities along with the reopening of borders and easing of restrictions. This recovery, however, was dampened by market volatilities amid inflationary pressure and higher interest rates. Within this context, Maybank sought to strike a balance between seeking new growth opportunities and managing our risks as well as threats. We manoeuvred cautiously while building the right capabilities and competencies to continuously deliver value to our stakeholders amid the uncertainties.



The **FOUR BUSINESSES** are impacted by all material matters and principal risks. The businesses will leverage all six capitals to shape their respective strategies to address these material matters and manage risks in creating value for the five stakeholder groups.

This section discusses our strategic views and responses, supplementary to the Economic and Banking Sector Overview, Macrotrends Impacting Risk Assessment and Principal Risks sections on pages 32 to 37



Operating Landscape Impact

- Higher interest rate environment led to better net interest margin (NIM) and profitability.
- Economic environment remains uncertain due to emergence of new COVID-19 strains and supply chain bottlenecks.
- Loans growth was positive with improved repayment ability upon expiry of repayment packages as economic activities picked up post pandemic.
- Prolonged market volatility and heightened geopolitical tensions have raised concerns on asset quality and non-interest income, while probable recession casts a shadow on fiscal stability.
- More customers expect banking products and services that are personalised to their needs and are available digitally.
- There is also an increasing threat of cybercrime and scams.

Material Risks & Opportunities

- Ever-evolving customer demand gives rise to the need to develop hyper-personalised data-driven solutions and products that complement the Group's financial offerings.
- Increased potential to expand product offerings and scale up digital innovations for the SME segment.
- Increased need to manage asset quality for impacted SMEs and consumers.
- Surging demand for unique wealth management propositions and financial planning education as more customers seek to safeguard their portfolios from weakening market sentiment.
- Need for more robust online defences to protect against uptick in cyber threats and crime.

Our Response

- Unveiled product suite that transcends traditional banking capabilities to create holistic end-to-end ecosystems across different customer value chains.
- Enhanced and expanded our suite of Straight-Through Processing (STP) capabilities to provide seamless customer experience and account on-boarding.
- Provided expedient and intuitive offerings, with an emphasis on cashless and contactless capabilities.
- Nurtured SMEs by equipping them with digital solutions to help them make better operational and financial business decisions.
- Offered comprehensive wealth management solutions including ESG-conscious investment offerings, empowering our customers through financial education and leveraging our financial offerings to grow their wealth.
- Enhanced cyber security via measures such as migration from SMS OTP to Secure2u while strengthening efforts to create greater customer awareness.

For more details please refer to Group Community Financial Services on pages 57 to 59

Outlook & Priorities for 2023

We anticipate a subdued economic environment due to weakening sentiment and continued inflationary pressures. Accordingly, we will sharpen our strategic focus to create firmer foundational capabilities for sustainable shareholder returns. We look to intensify our customer-centricity, adopting an agile and iterative minimum viable product approach that focuses on reimagining the customer's journey for both our consumers and SMEs. We will also leverage our data to better understand the consumption patterns of our diverse base of customers and provide them a truly hyper-personalised and meaningful banking experience. Cyber security remains a priority as we step up our online security measures and promote awareness of cybercrimes in order to safeguard our shareholders', customers' and communities' financial assets.

Related Strategic Thrusts and Programmes:

ALL SP3 TO SP12

Operating Landscape Impact

- Reopening of economies along with the waning pandemic has led to an increase in economic activity and private consumption, resulting in enhanced loans growth.
- Despite stronger ASEAN GDP growth, the global economy remained volatile affecting daily trading volume and liquidity of equity markets amid geopolitical tensions, tightening monetary policies and a high inflationary environment.
- ESG and sustainable development towards a low-carbon future is a growing theme among policymakers, businesses and investors.
- Increasing customer preference for online investment platforms.

Material Risks & Opportunities

- Growth opportunities in selected sectors such as healthcare, technology, telecommunications, power, as well as oil and gas.
- Potential increase in investment/mergers and acquisitions activities as valuations adjust to changing market landscape inducing industry consolidation.
- Increasing need to accelerate investments and improvements in digital investment platforms that are secure to capitalise on changing customer preferences.
- Navigating business operational risk against the backdrop of successive interest rate hikes, tightening of monetary policies and geopolitical tensions which have led to slower global economic growth.

Our Response

- Developed client-centric solutions and tailored our risk appetite in client segments, products and solutions to capitalise on risk-adjusted growth opportunities.
- Accelerated investments in digitalisation, such as multi-asset platform and digital channels, while building advisory capabilities in digital and new economic sectors.
- Continued to build capabilities across businesses and markets to provide ESG-related solutions that can help our customers transition effectively, while developing sustainability as a strategic differentiator in our offerings.
- Continued to manage our loans portfolio proactively and assist customers facing cash flow difficulties by offering restructuring and rescheduling (R&R) solutions to ease their repayment obligations.

For more details please refer to Group Global Banking on pages 60 to 62

Outlook & Priorities for 2023

Global economic growth is expected to continue to be soft in 2023 amid moderation in trade activities and supply strains, inflationary pressures, tightening of monetary policies and geopolitical tensions. Nevertheless, we remain cautiously optimistic of continued economic recovery in ASEAN driven by stronger domestic demand, improved labour market, tourism-related activities, sustained exports and the receding effects of the pandemic. We expect an increase in financing activities and that sustainable development will be a growing priority for our clients in 2023. We will continue to focus on providing customer-centric solutions, accelerating our investments into building digital capabilities, leveraging regional connectivity to enhance go-to-market offerings, and expanding our sustainable values-infused offerings.

Related Strategic Thrusts and Programmes:

ALL SP1 SP2 SP5 SP7 TO SP12

Our Operating Context



GROUP INSURANCE & TAKAFUL

Operating Landscape Impact

- Even as the pandemic is waning, products and service offerings are increasingly transitioning towards digital platforms. There is an increase in competition from new entrants, digital offerings and disruptors in distribution channels.
- More financial institutions are incorporating sustainability into their strategy and business approach to create long-term value, as sustainability awareness is advancing among the investment community and the general population.
- Market volatility results in weaker investor sentiment amid higher yields, inflationary pressure, trade constraints and geopolitical tensions.

Material Risks & Opportunities

- Increased need to develop and create awareness of online insurance products, as well as diversified online distribution channels and services.
- Opportunity to broaden the ESG and Value Based Intermediation (VBI) scope with related partnerships and business opportunities.
- Weaker demand for investment-linked products as investment returns were affected by volatile market conditions.

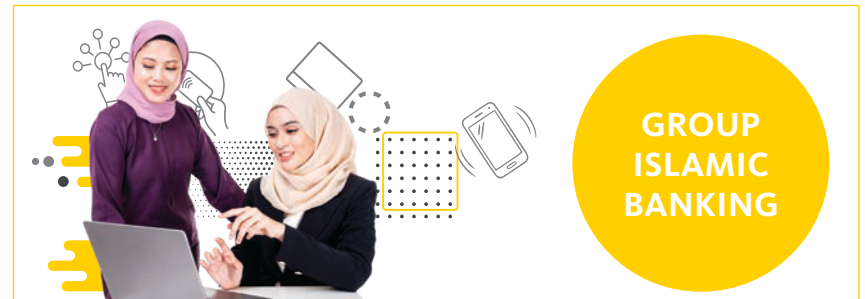
Our Response

- Continued to build capabilities and offerings in the digital insurance space in Malaysia and Singapore, with ambitions to capture market share in Indonesia, the Philippines and Cambodia. Provided customers with fast and easy-to-use solutions for tasks like the submission of medical claims, one touchpoint request for local and overseas hospital guarantee letters, and road tax renewals, among others, on our Smile App.
- Created product awareness with community outreach programmes such as the Free Mammogram Programme (Phase 5) and Etiqa's National Mobile Screening Programme and CleanWater Project, among others.
- Expanded our coverage into the ESG and VBI space through products such as "Drive Less, Save More", online road tax renewal, ESG Investment-Linked Product via Bancassurance and others.
- Focused on providing the best advice during uncertain times while deepening our analytics to tailor products to customer needs.

For more details please refer to Group Insurance & Takaful on pages 63 to 65

Outlook & Priorities for 2023

The economic outlook remains uncertain for the near future with global inflationary pressures, heightened geopolitical risks and tightening of monetary policies set to dampen both investment returns as well as demand for investment-linked policies. Nevertheless, as mobility indices (a measure of time and cost to travel) have largely returned to pre-pandemic levels across ASEAN, there will be more demand for Travel, Motor and Fire insurance while issuances of Letters of Guarantee for medical treatment will rise as patients return to hospitals for deferred treatments. We also anticipate that regulators will continue to push for sustainability practices, to the advantage of industry players.



GROUP ISLAMIC BANKING

Operating Landscape Impact

- Economic growth improved as the country transitioned to endemicity, but was affected by global inflation, tightening monetary policies, supply chain disruptions from lockdowns in China, and volatile commodity markets due to geopolitical tensions.
- Customers expect products to be digitally available, with hyper-personalisation driving business growth.
- Demand in the global Halal economy is anticipated to grow on the back of growing Muslim populations, increased consumer preference for ethical financing, and governmental support.
- ESG has become a crucial consideration in the provision of financial products and services.

Material Risks & Opportunities

- Normalising economic activity amid endemicity has increased consumer spending and competition for deposits.
- We have identified Islamic Wealth Management (IWM) as a key focus area with emphasis on fulfilling customers' diverse needs from wealth creation to distribution.
- Provision of digital and sustainable financial solutions for consumers continues to gain momentum with an emphasis on responsible and ethical practices.
- There is a need to provide more offerings that can support and educate our customers to navigate the Halal economy.
- Growing interest in ESG investing creates greater opportunities for Islamic finance, with the two sharing similar principles of contributing towards social and environmental imperatives.

Our Response

- Rolled out new IWM product package, dedicated IWM Relationship Managers, and above the line (ATL) marketing initiatives.
- Introduced initiatives targeting Halal certified businesses via a customised Islamic financial solution to enable further business expansion to meet growing demand for Halal products.
- Continued to embed sustainability into our business practices and Shariah-compliant financial products to fulfil customers' needs.
- Leveraged MAE by Maybank2u and Maybank2u website to reach out to customers, offering them digital financial solutions such as Zest-i, MIGA-i, SME Digital Financing, ASB Financing and Personal Financing.
- Provided ethical and sustainable banking solutions to serve underprivileged segments in collaboration with organisations such as Majlis Agama Islam Negeri (State Islamic Religious Councils), as well as through internal programmes like R.I.S.E which target differently-abled business owners.
- Encouraged customers to maintain and/or increase their deposits with us through campaigns to increase awareness of the benefits of migration to Islamic accounts, and the Zakat Direct Debit programme that enhances the experience of Islamic account customers, among others.

For more details please refer to Group Islamic Banking on pages 66 to 68

Outlook & Priorities for 2023

As the global economy is expected to remain volatile amid higher inflation and supply chain disruptions, regulators in our home markets are likely to maintain an accommodative posture in monetary policy while continuing to encourage the development of financial solutions that stimulate sustainable growth and financial inclusion. We remain committed towards providing such solutions to serve the needs of customers including the infusion of zakat, waqf and sadaqah. This will be coupled with digitalisation of solutions to enhance the customer experience and distribution network as we build our global leadership in Islamic banking.

Our Strategy

OUR PROGRESS

Maybank Group made good progress through the M25 strategy, which provided a strong foundation to sustain growth and resilience in the face of the challenging environment caused by the COVID-19 pandemic and external headwinds.

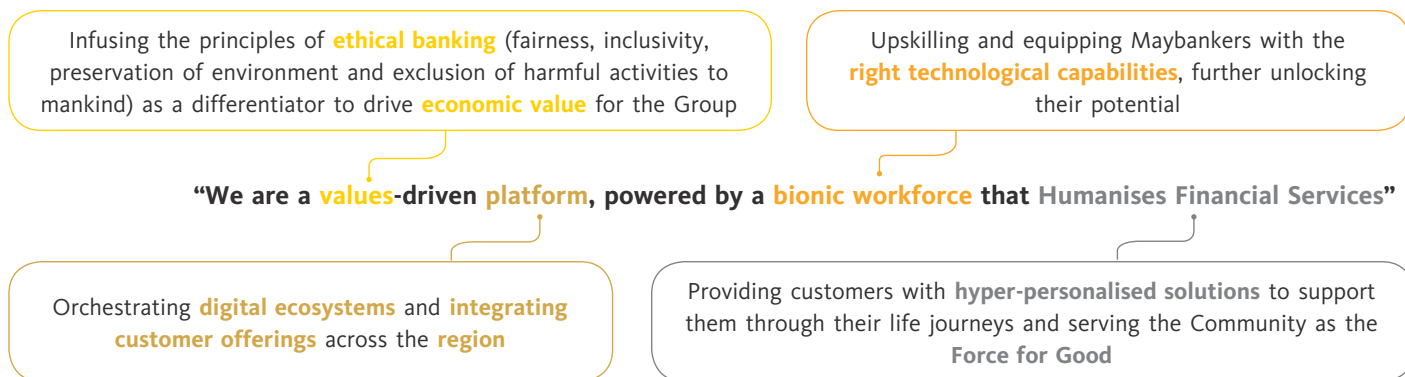
We introduced an extensive suite of solutions that helped our customers and communities through unprecedented times. We continue to lead in digitalisation efforts resulting in mobile and internet banking transaction volume market share of 53.1% and 50.2% respectively in Malaysia. We launched market leading digital solutions that further eased access to financing, such as Personal Digital Financing and Maybank Home²u with the capability to enable approvals within 10 seconds. Our lifestyle app MAE also gathered 8.3 million app downloads since its launch in 2020.

Furthermore, we made meaningful gains on the sustainability front with the development of our Sustainable Product Framework (SPF) which guides the development and classification of green, social, sustainable and transition products. We were one of the first banks in ASEAN to establish our Scope 3 financed emissions baseline and we have successfully reduced our Scope 1 and 2 emissions by 41% as of year-end 2022. In fact, the Group has exceeded all four annual sustainability commitment targets in 2022. As a result of the significant progress made, the Board approved an upward revision for Commitments 1 and 2 in December 2022 to a target of RM80 billion in Sustainable Finance (from RM50 billion previously) and improving the lives of two million households across ASEAN by 2025 (from one million households previously), respectively.

Looking ahead, market trends have evolved and the banking sector is on the cusp of facing even greater disruption and macro headwinds at an increasing scale. Therefore, we took concerted steps in 2022 to further refine our long-term strategy to ensure the Group remains agile for continued growth and delivers sustainable returns by identifying and accelerating new capabilities, especially in technology and people.

M25+: FROM GOOD TO GREAT

Our refined strategy, M25+, will steer the Group on a deeper purpose of becoming a “**values-driven platform, powered by a bionic workforce that Humanises Financial Services**”.



Five Key Strategic Thrusts

Building on the foundation laid by the M25 plan, M25+ will reinforce the push for more meaningful differentiation across five key strategic thrusts and create firmer foundational capabilities for long-term sustainable growth.

| Refined Strategic Thrusts | Related Capitals | Related Material Matters | Related Principal Risks | Related Stakeholders |
|---|--------------------|---|-------------------------|---|
| ST1 Intensify Customer-centricity Full agile and iterative Minimum Viable Product (MVP) approach, through customer journeys and imagining the end-state model | FC IC MC SRC | Lightbulb icon | ALL | Customer, Bank, Community icons |
| ST2 Accelerate Digitalisation and Technology Modernisation End-to-end STP platform that integrates with ecosystems within and beyond banking | FC IC MC HC | Network, Gear, Lightbulb icons | NFR ITR CoR ER PPR | Customer, Bank, Community, Technology icons |
| ST3 Strengthen Maybank's Position beyond Malaysia Regionalisation of business and product solutions, as well as technological platforms and applications, with clear leadership in Malaysia | FC IC MC SRC NC | Network, Gear, Lightbulb icons | ALL | Customer, Bank, Community, Technology icons |
| ST4 Drive Leadership in Sustainability Agenda Expanded scope to embrace ethical banking principles, deepen social impact and execution of decarbonisation strategy | ALL | Network, Gear, Lightbulb, Handshake icons | ESGR | Customer, Bank, Community, Sustainability icons |
| ST5 Achieve True Global Leadership in Islamic Banking Global Islamic Wealth Management (IWM) leader with Singapore as hub and Middle East/ASEAN countries as spokes | FC IC MC SRC NC | Network, Gear, Lightbulb icons | ALL | Customer, Bank, Community, Technology icons |

12 STRATEGIC PROGRAMMES (SPs)

In achieving our intended outcomes, we formulated 12 Strategic Programmes (SPs) to strengthen our foundation and competitiveness. These SPs and our collective efforts will enable us to create an end-to-end journey that captures every part of an individual's or entity's life and growth cycles.

The 12 SPs have been institutionalised across the Group to ensure full infusion of ethical principles, regional integration, cross-sector collaborations and adoption of Agile ways of working to drive successful outcomes from our strategic thrusts.

Our Strategy

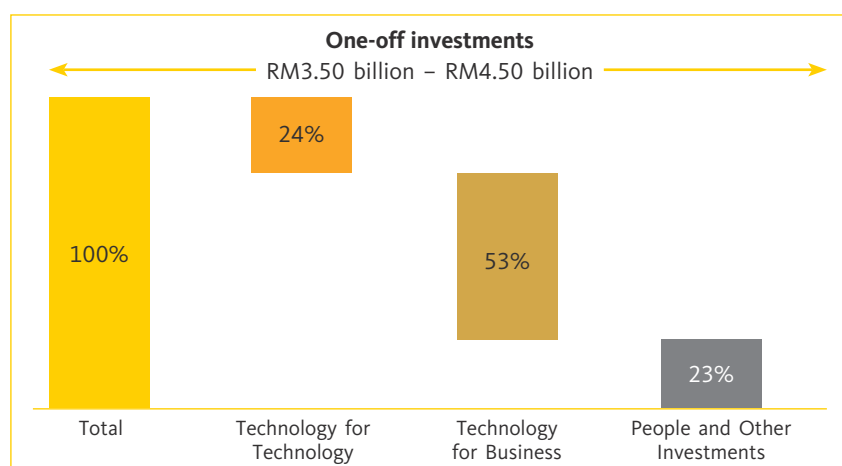
| The 12 Strategic Programmes (SPs) | | Related Capitals | Related Material Matters | Related Principal Risks | Related Stakeholders |
|-----------------------------------|---|--------------------|--------------------------|-------------------------|----------------------|
| SP1 | Reshape wholesale target operating model To enhance group-wide coverage model and build deeper sector expertise, offering tailored solutions | | | | |
| SP2 | Build a regional transaction banking proposition Establish cross-country target operating model for regional trade, payments, and financial supply chain and cash management | FC IC MC | 💡 | | 👤 📊 |
| SP3 | Reimagine the consumer banking customer journey Reimagine customer journey across key growth milestones and beyond banking while orchestrate within select digital ecosystems | | | | |
| SP4 | Reimagine the SME banking customer journey Reimagine SME journey across key growth milestones and beyond banking while orchestrate within select digital ecosystems | | | ALL | |
| SP5 | Build global Islamic banking leadership Establish global IWM hub in Singapore and Middle East/ASEAN countries as spokes; establish as-a-service offering to expand into new markets | | | | |
| SP6 | Become a regional leader in Insurance Strengthen Life coverage in core markets, scale and expand regionally, and deliver customer-centricity via STPs and analytics | FC IC MC SRC NC | 🌱 🤝 💡 | | 👤 📊 🏥 |
| SP7 | Uplift Indonesia Continue to strengthen fundamentals, differentiate and grow through expansion of select key levers | | | | |
| SP8 | Redefine our International footprint Refocus Maybank's global footprint, redesign target operating model for select markets, and optimise investment portfolio | FC MC SRC NC | | | |
| SP9 | Be the Sustainability leader in SEA Build segment-specific business strategies and develop a sustainability integrated target operating model | ALL | 🌐 🌱 🏥 🤝 💡 | ESGR | 👤 📊 🏠 🏥 |
| SP10 | Elevate Maybankers Initiate strategic workforce planning, reimagine the employee value proposition, enhance performance management and institutionalise Agile@Scale | FC HC | 🏥 | PPR | 📊 📄 |
| SP11 | Drive hyper-personalisation through advanced analytics Develop platforms that enable hyper-personalisation experiences for customers | FC IC MC SRC | 💡 | NFR ITR ER | 👤 📊 |
| SP12 | Build Next-Gen Technology capabilities Build a digital-ready architecture, implement an operating model that drives seamless collaboration and prioritisation of initiatives | FC HC IC | 🏥 💡 | PPR | 👤 📊 📄 |

To enable our M25+ strategy, the Group will channel strategic investments of about RM3.50 billion to RM4.50 billion over the next three to five years to drive these programmes and build new capabilities across key focus areas:

Technology for Technology: To drive improvement in our digital infrastructure with potential areas for investments in data platforms, channel integration, Straight-Through Processing, API layer, and others.

Technology for Business: To enhance our consumer and SME customer experience journey from end-to-end, with business driven architecture enablement to support business unit Strategic Programmes.

People and other investments: To accelerate the institutionalisation of Agile delivery, talent investments, and appointment of expert resources to build on Maybank's commitment to empowering Maybankers with new-age skills and roles.



The realisation of M25+ will transform Maybank's performance through the reinforcement of business growth with digital and technological capabilities and reimagined customer journeys that will meet our customers' needs and experience.

GROWTH PERFORMANCE (FY2025 TARGETS)

| | |
|---|---|
| Income Growth FY2021-FY2025 CAGR 2-3x FY2017-FY2021 CAGR: 2.3% | Loans Growth FY2021-FY2025 CAGR ~7% FY2017-FY2021 CAGR: 3% |
| Overseas Income FY2022-FY2025 CAGR ~7% FY2017-FY2021 CAGR: -4% | Digital Customers >80% |

PROFITABILITY (FY2025 TARGETS)


| | | |
|--|--|---|
| Fee Income Percent ~32% | Cost to Income Ratio ~45% | Return on Equity 11%-12% |
|--|--|---|


NON-FINANCIAL METRICS (FY2025 TARGETS)

| | |
|---|---|
| Acceleration in time-to-market ~2-4x | Increased customer satisfaction ~10%-20% |
| Employee engagement >90% | Next-Gen workforce 25%-30% |

Key Performance Indicators

As we refined our long-term strategy, M25+, against an evolving operating environment and socio-economic trends, we have updated our key performance metrics to measure our progress and ability to deliver value for all stakeholders.

| KEY PERFORMANCE INDICATORS | VALUE PROPOSITION | METRICS | FY2021 PERFORMANCE | FY2022 PERFORMANCE | FY2022 ANNUAL TARGET | TARGET BY FY2025 |
|--|---|--|--------------------|--------------------|--|---|
|  SUSTAINABLE SHAREHOLDER RETURNS | To deliver strong shareholder returns by driving income growth supported by healthy loans expansion and fee income growth while diligently managing our costs | Income Growth[^] | 2.8% YoY | 8.5% YoY ↑ | - | 2-3x CAGR FY2021 – FY2025 (2.3% CAGR FY2017 – FY2021) |
| | | Loans Growth[^] | 5.7% YoY | 6.0% YoY ↑ | - | ~7% CAGR FY2021 – FY2025 (3% CAGR FY2017 – FY2021) |
| | | Fee to Income Ratio[^] | 25.0% | 25.1% ↑ | - | ~32% |
| | | Cost to Income Ratio | 45.3% | 46.4% ↑ | 45%-46% | ~45% |
| | | Dividend Payout Ratio | 84.5% | 84.6% ↑ | 40%-60% <input checked="" type="checkbox"/> | 40%-60% |
| | | Return on Equity | 9.8% | 10.0% ↑ | 9.5%-10.0% <input checked="" type="checkbox"/> | 11%-12% |

| KEY PERFORMANCE INDICATORS | VALUE PROPOSITION | METRICS | FY2021 PERFORMANCE | FY2022 PERFORMANCE | FY2022 ANNUAL TARGET | TARGET BY FY2025 |
|---|--|---|-----------------------------------|---|--|------------------------------|
|  TOP RATED CUSTOMER EXPERIENCE | To ensure best-in-class customer experience by listening to the voice of customers and imagining their life journeys. To become the marketplace for them to fulfil their banking and non-banking needs | Net Promoter Score | +23 (95 th percentile) | +24 ↑ (95th percentile) | >75 th percentile <input checked="" type="checkbox"/> | >75 th percentile |
| | | Digital Customer Penetration[^] | 71% | 74% ↑ | - | >80% |

Year-on-year movement: ↑ Increase ↓ Decrease ↔ No change

Note: indicates FY2022 target has been achieved

[^] Metrics that are disclosed in line with the refined M25+ strategy


* Malaysia Renewable Energy Certificates


** Revised FY2025 target for Commitment 1 (RM50 billion previously) and Commitment 2 (one million households previously). More details available in Our Strategy and Sustainability Review sections on pages 40 and 119

United Nations Global Compact Network Malaysia & Brunei has also provided Second Party Opinion on the approach and processes undertaken in reporting the sustainability hours and UN SDG

+ Against 2019 baseline

Key Performance Indicators

| KEY PERFORMANCE INDICATORS | VALUE PROPOSITION | METRICS | FY2021 PERFORMANCE | FY2022 PERFORMANCE | FY2022 ANNUAL TARGET | TARGET |
|---|---|---|---------------------------------------|--|--|---|
|  <p>SUSTAINABILITY LEADER IN SEA</p> | To champion decarbonisation and transition strategies for our clients and Maybank itself, drive social and economic development of our communities in ASEAN and sustainability practices within Maybank | Sustainable Financing | Over RM13.6 billion | RM20.7 billion ↑ | RM9 billion ✓ | Mobilising RM80 billion in sustainable finance** by 2025. Achieved ~RM34.4 billion as at 31 December 2022 |
| | | Improving Households | 502,759 households | 368,441 households ↓ | 150,000 households ✓ | Improving the lives of two million households** across ASEAN by 2025. Achieved 871,200 as at 31 December 2022 |
| | | Carbon Neutral Position | Sale and Purchase Agreement of mRECs* | 41% reduction in scope 1 & scope 2 emissions ⁺ ↑ | 40% reduction in scope 1 & scope 2 emissions ✓ | Achieving a carbon neutral position of our own emissions by 2030 and Net Zero Carbon equivalent position by 2050 |
| | | Sustainability Hours and UN SDG-Related Outcomes | 1,636,652 hours [#] | 1,563,720 hours [#] ↓ | One million hours ✓ | Achieving one million hours per annum on sustainability and delivering one thousand significant UN SDG-related outcomes by 2025 |

| KEY PERFORMANCE INDICATORS | VALUE PROPOSITION | METRICS | FY2021 PERFORMANCE | FY2022 PERFORMANCE | FY2022 ANNUAL TARGET | TARGET BY FY2025 |
|--|---|--|--------------------|--------------------|----------------------|------------------|
|  <p>A LEADING EMPLOYER</p> | To successfully build and retain a strong and diverse talent pool | Succession Realisation for Mission Critical Positions | 93% | 86% ↓ | 80% ✓ | 80% |
| | | Women in Senior Management | 41% | 41% ↔ | 42% | 45% |

Year-on-year movement: ↑ Increase ↓ Decrease ↔ No change

Note: ✓ indicates FY2022 target has been achieved

^ Metrics that are disclosed in line with the refined M25+ strategy

* Malaysia Renewable Energy Certificates

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