Leading Asia

Maybank

ANNUAL REPORT 2018

RM8.11 billion Net Profit
- Exceeds RM8 billion mark

Delivering Shareholder Value
- ROE of 11.4%
- Dividend per share of 57 sen

Top 500 Most Valuable Global Brands
- Only Malaysian bank awarded

Inspiring ASEAN

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

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

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

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

Together, let's keep inspiring ASEAN.

1974

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

1996

Pioneered **bancassurance** in Southeast Asia

2000

ATM

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

2012

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

2013

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

2015

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

2009

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

2010

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

2010

Maybank Foundation

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

2016

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

2017

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

2018

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

About
our reports

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

MAYBANK ANNUAL REPORT 2018

CORPORATE BOOK

CONTENTS

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

REGULATIONS COMPLIED

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

FINANCIAL BOOK

CONTENTS

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

REGULATIONS COMPLIED

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

INTEGRATED REPORTING ‹IR›

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

We create value through these five identified capitals:

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

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

- Customers
- Regulators
- Investors
- Communities
- Employees

ONLINE VERSION

www.maybank.com/ar2018

CROSS REFERENCES

Tells you where you can find more information within the reports

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

MAYBANK SUSTAINABILITY REPORT 2018

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

The report will be available at **www.maybankfoundation.com**

Inside
this report

59th Annual General Meeting

Ballroom@mySpace1
Level 3, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur, Malaysia

Thursday, 11 April 2019

10.00 a.m.

Who We Are

MAYBANK OVERVIEW

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

OUR VALUES

fulfil

T Teamwork
I Integrity
G Growth
E Excellence & Efficiency
R Relationship Building

Our **T.I.G.E.R** values are the guiding principles for all Maybankers to serve our mission of Humanising Financial Services.

OUR MISSION

guides

Humanising Financial Services

We fulfil our customers' ambitions by building trusted relationships that last for generations through thick and thin. We believe in treating all our stakeholders fairly and in simplifying financial solutions.

OUR ASPIRATION

Advancing Asia's Ambitions With You

As we grow together with our customers, the Maybank brand has reached all 10 ASEAN countries, Greater China and other key global financial markets. Our aspiration is to be the top ASEAN bank, fulfilling our customers' ambitions in the region and linking them to Asia and beyond.

OUR DIFFERENTIATORS

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

Around **43,000 Maybankers** who serve the mission, empowered by our **T.I.G.E.R** values.

Our strong retail community franchise spanning across ASEAN.

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	Group Global Banking	Group Insurance & Takaful
For: Individuals, retail SMEs and mid-sized corporates.	**For:** Large corporates and institutions.	**For:** Individuals and corporates.
Offers: Retail banking services such as wealth management, mortgage, auto financing, credit cards, short-term credit and long-term business loans.	**Offers:** Wholesale banking services such as transactional banking, investment banking, corporate banking, global markets and treasury, and asset management.	**Offers:** Conventional and Islamic insurance (Takaful) solutions including long-term savings and investment products.
47.5% Share of Group's PBT	**45.7%** Share of Group's PBT	**6.8%** Share of Group's 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

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

DELIVERING VALUE ACROSS ASEAN

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

Over
5.56 million
active M2U users

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

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

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

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

GLOBAL NETWORK

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

2,601
retail branches worldwide

78
brokerage branches worldwide

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

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

Highlights of 2018

RM8.11 billion
Record Net Profit

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

Reflections from Our Group Chief Financial Officer, page 32.

Maybank Singapore Limited
Locally Incorporated

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

Reflections from Our Group President & CEO, page 16.

57 sen
Total Dividend per Share

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

Reflections from Our Group Chief Financial Officer, page 32.

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

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

Group Human Capital, page 70.

Maybank is a Top 500 Most Valuable Global Brand

2019 Brand Finance Awards TOP 500 GLOBAL BRAND

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

Service Delivery, page 62.

Constantly Creating New Digital Firsts

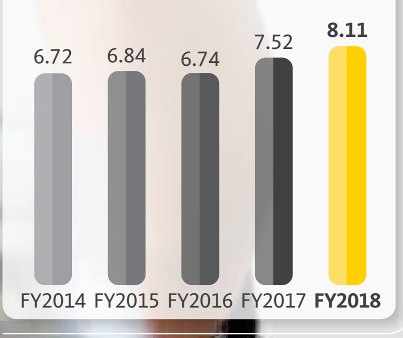
We are the first bank in Malaysia to introduce a cashless payment solution via QRPay. Meanwhile, the refreshed and optimised Maybank2u website also includes a first-of-its-kind digital financial planner.

The Digital Bank of Choice, page 59.

FINANCIAL HIGHLIGHTS

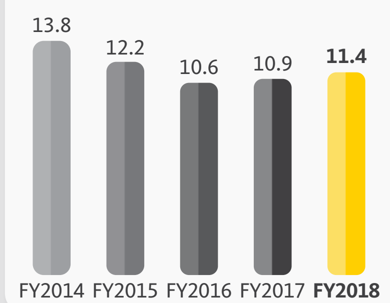
Net Profit* (RM billion)

RM8.11 billion



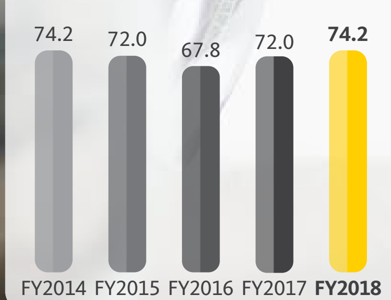
Return on Equity (%)

11.4%



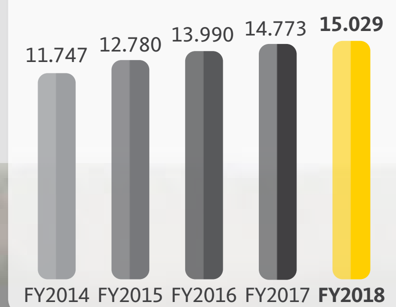
Earnings per Share (sen)

74.2 sen



CET1 Capital Ratio (%)

15.029%



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

Strategic Business Units

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

ISLAMIC BANKING

MAYBANK GROUP ISLAMIC BANKING

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

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

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

INSURANCE & TAKAFUL

ETIQA

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

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

INVESTMENT BANKING

MAYBANK KIM ENG GROUP

Maybank Kim Eng (MKE) Group is the investment banking arm of Maybank Group. It comprises two groups of companies; namely, Maybank Investment Bank Berhad (MIBB) and Maybank Kim Eng Holdings Limited (MKEH). MIBB is the licensed investment banking operations of MKE in Malaysia with seven branches in the country, while MKEH is the Singapore-based investment holding company for MKE's licensed operations in nine countries outside Malaysia, namely Singapore, Thailand, the Philippines, Indonesia, Vietnam, Hong Kong, the United States of America, the United Kingdom and India. MKE Group has in total 155 retail branches/touchpoints globally.

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

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

ASSET MANAGEMENT

MAYBANK ASSET MANAGEMENT GROUP BERHAD

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

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

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

Strategic Business Units

INTERNATIONAL OPERATIONS

MAYBANK SINGAPORE

Maybank Singapore has a net asset size of approximately SGD73.3 billion and staff strength of over 2,000. As one of the domestic systemically important banks (D-SIBs) identified by the Monetary Authority of Singapore, Maybank Singapore Limited (MSL) was established as a Singapore-incorporated subsidiary with Qualifying Full Bank (QFB) privileges in 2018. Maybank Singapore Limited operates in 27 service locations and offers retail (personal banking, privilege wealth, premier wealth), private wealth and SME banking services. Part of atm[5], Singapore's only shared ATM network among six participating QFBs, MSL has a combined reach of more than 200 ATMs islandwide. Maybank's Singapore Branch provides wholesale and investment banking solutions for corporate and institutional clients, and provides banking services at 10 branch locations. Maybank Singapore contributed 12.2% and 25.6% to the Group's profit before tax and gross loans* respectively in FY2018.

PT BANK MAYBANK INDONESIA TBK

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

MAYBANK GREATER CHINA

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

MAYBANK VIETNAM

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

MAYBANK CAMBODIA PLC

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

MAYBANK PHILIPPINES INCORPORATED

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

MAYBANK LAOS

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

MAYBANK MYANMAR

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

MAYBANK NEW YORK

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

MAYBANK LONDON

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

MAYBANK BRUNEI

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

ASSOCIATES

MCB BANK LTD

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

AN BINH BANK

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

UZBEK INTERNATIONAL A.O.

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

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

Group Corporate Structure

As at 31 December 2018

Maybank

MALAYAN BANKING BERHAD

COMMERCIAL BANKING

- **ISLAMIC BANKING**
  - **100%** Maybank Islamic Berhad (Islamic Banking)
  - **100%** PT Bank Maybank Syariah Indonesia (Islamic Banking)
- **98.54%*** PT Bank Maybank Indonesia Tbk (Banking)
  - **100%** PT Maybank Indonesia Finance (Multi-financing)
  - **68.55%** PT Wahana Ottomitra Multiartha Tbk (Multi-financing)
- **99.97%** Maybank Philippines, Incorporated (Banking)
- **100%** Maybank (Cambodia) Plc (Banking)
- **100%** Maybank Singapore Limited# (Banking)
- **18.78%** MCB Bank Limited (Banking)
- **20%** An Binh Commercial Joint Stock Bank (Banking)
- **19.70%** Uzbek Leasing International A.O. (Leasing)

INSURANCE & TAKAFUL

- **100%** Etiqa International Holdings Sdn Bhd (Investment Holding)
  - **69.05%** Maybank Ageas Holdings Berhad (Investment Holding)
    - **100%** Etiqa General Insurance Berhad (General Insurance business)
    - **100%** Etiqa Family Takaful Berhad (Family Takaful and Investment-linked business)
    - **100%** Etiqa Life Insurance Berhad (Life and Investment-linked business)
    - **100%** Etiqa General Takaful Berhad (General Takaful business)
    - **100%** Etiqa Insurance Pte Ltd (Underwriting of General Insurance and Life Insurance Businesses)
    - **100%** Etiqa Life International (L) Limited (Offshore Investment-linked Insurance)
    - **100%** Etiqa Offshore Insurance (L) Limited (Bureau Services)
    - **100%** Etiqa Overseas Investment Pte Ltd (Investment Holding)
      - **32.50%** Pak-Kuwait Takaful Company Limited (Takaful Business)
  - **75%** PT Asuransi Asoka Mas (Insurance Provider)
  - **95.24%@** AsianLife & General Assurance Corporation (Insurance Provider)

INVESTMENT BANKING

- **100%** Maybank International Holdings Sdn Bhd (Investment Holding)
  - **100%** Maybank Kim Eng Holdings Limited (Investment Holding)
    - **100%** Maybank Kim Eng Securities Pte Ltd (Dealing in Securities)
    - **83.50%** Maybank Kim Eng Securities (Thailand) Plc (Dealing in Securities)
    - **100%** Maybank ATR Kim Eng Capital Partners, Inc (Corporate Finance & Financial and Investment Advisory)
      - **100%** Maybank ATR Kim Eng Securities Inc (Dealing in Securities)
    - **99.78%@@** PT Maybank Kim Eng Sekuritas (Dealing in Securities)
    - **100%** Maybank Kim Eng Securities (London) Limited (Dealing in Securities)
    - **100%** Maybank Kim Eng Securities USA Inc (Dealing in Securities)
    - **100%** Kim Eng Securities (Hong Kong) Limited (Dealing in Securities)
    - **100%** Kim Eng Securities India Private Limited (Dealing in Securities)
    - Other Subsidiaries
- **100%** Maybank Investment Bank Berhad (Investment Banking)
  - **100%** BinaFikir Sdn Bhd (Consultancy and Advisory)
  - **35.33%** Anfaal Capital^ (Investment Banking)
  - Other Subsidiaries

ASSET MANAGEMENT

- **80%** Maybank Asset Management Group Berhad (Investment Holding)
  - **100%** Maybank Asset Management Sdn Bhd (Fund Management)
    - **99%** PT Maybank Asset Management (Fund Management)
    - **100%** Amanah Mutual Berhad## (Fund Management)
  - **100%** Maybank Islamic Asset Management Sdn Bhd (Fund Management)
  - **100%** Maybank Private Equity Sdn Bhd (Private Equity Investments)
    - **100%** MAM DP Ltd (Fund Management)
  - **100%** Maybank Asset Management Singapore Pte Ltd (Fund Management)

OTHERS

- **100%** Maybank Trustees Berhad (Trustee Services)
- **100%** Maybank Shared Services Sdn Bhd (IT Shared Services)
  - **100%**** MBB Labs Pte Ltd (IT Development Services)
- Other Subsidiaries

Notes:

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

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

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

^ Joint Venture

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

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

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

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

Group Organisation Structure

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

DATUK ABDUL FARID ALIAS
Group President & Chief Executive Officer

BUSINESS

COMMUNITY FINANCIAL SERVICES

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

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

GLOBAL BANKING

DATO' MUZAFFAR HISHAM
Group Chief Executive Officer,
Global Banking

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

ISLAMIC BANKING

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

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

INSURANCE & TAKAFUL

KAMALUDIN AHMAD
Group Chief Executive Officer,
Insurance & Takaful

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

FUNCTION

GROUP FINANCE

DATO' AMIRUL FEISAL WAN ZAHIR
Group Chief Financial Officer

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

GROUP STRATEGY & INTERNATIONAL

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

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

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

GROUP CORPORATE & LEGAL SERVICES

WAN MARZIMIN WAN MUHAMMAD
Group General Counsel & Group Company Secretary

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

GROUP AUDIT

NAZLEE ABDUL HAMID
Group Chief Audit Executive

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

GROUP COMPLIANCE

DANIEL WONG LIANG YEE
Group Chief Compliance Officer

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

GROUP HUMAN CAPITAL

NORA ABD MANAF
Group Chief Human Capital Officer

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

GROUP RISK

GILBERT KOHNKE
Group Chief Risk Officer

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

GROUP TECHNOLOGY

MOHD SUHAIL AMAR SURESH
Group Chief Technology Officer

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

GROUP OPERATIONS

JEROME HON KAH CHO
Group Chief Operations Officer

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

COUNTRY

SINGAPORE

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

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

INDONESIA

TASWIN ZAKARIA
President Director,
Maybank Indonesia

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

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

Key Messages to

DMS
DATUK MOHAIYANI SHAMSUDIN
Chairman

DAFA
DATUK ABDUL FARID ALIAS
Group President &
Chief Executive Officer

Shareholders

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

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

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

DMS >

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

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

DMS >

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

57 sen
total dividend per share

6.0% dividend yield
one of the highest among banks in the region

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

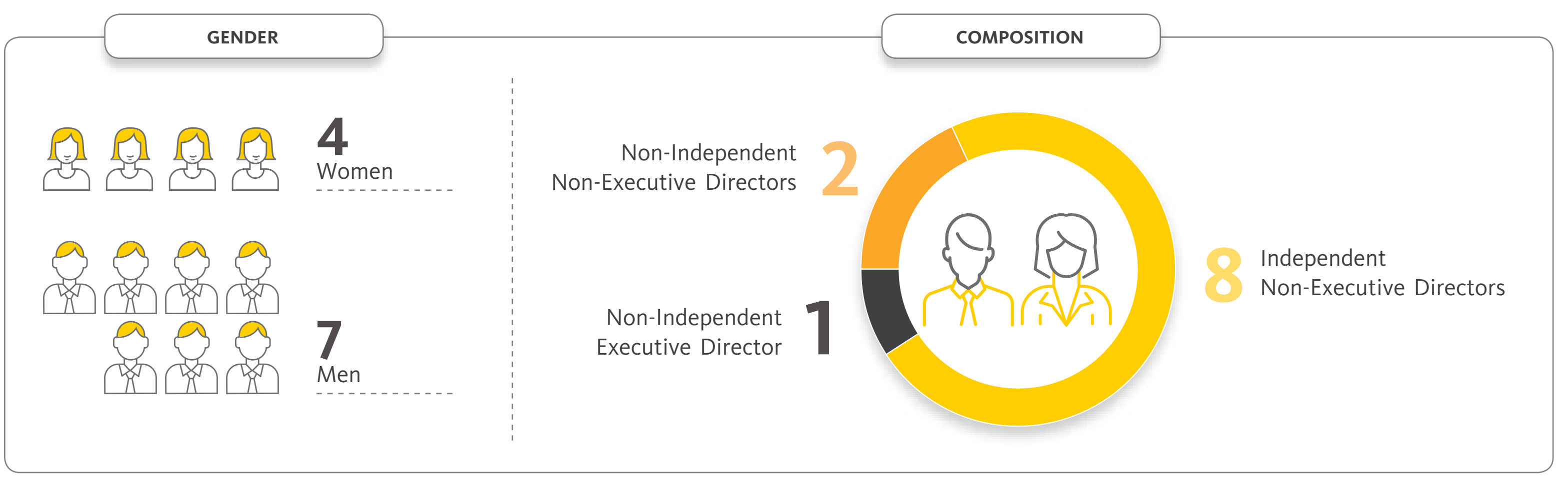
DAFA

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

DMS

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

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



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

DAFA >

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

"A" rating
by MSCI ESG Research
for five consecutive years

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

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

DMS >

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

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

Refle
Group

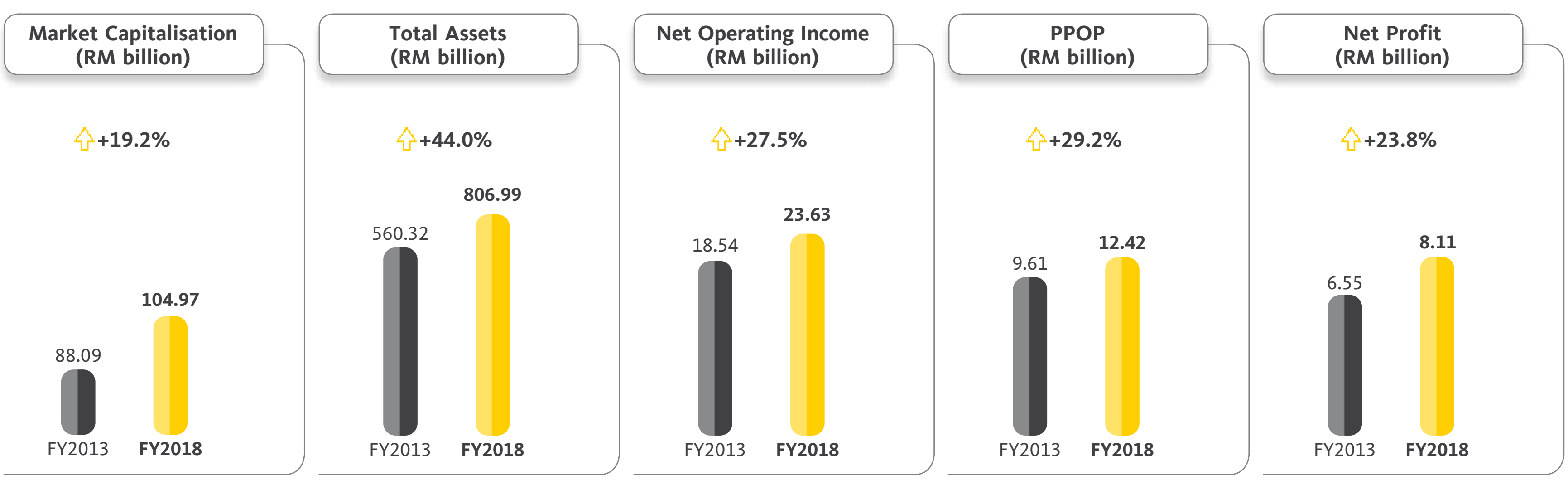
DATUK ABDUL FARID ALIAS
Group President & Chief Executive Officer

ctions from Our President & CEO

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

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

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



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

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

LESSON 1

Liquidity and Capital Strength

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

LESSON 2

Sustainable Growth

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

LESSON 3

Agility and Nimbleness

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

LESSON 4

Sense of Purpose

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

LESSON 5

Looking Out for the Underserved

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

Return on Equity of
11.4%
Above KPI of 11%

Strong CET1 Capital Ratio of
15.029%

Robust Liquidity Coverage Ratio of
132.4%

A CONSERVATIVE RISK POSTURE THROUGHOUT 2018

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

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

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

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

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

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

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

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

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

EMBRACING THE DIGITAL ECONOMY

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

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

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

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

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

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

BOD and senior management invested
500
man-days in digital classroom learnings

Established an
offshore development centre
to access talents with mathematical and computing skills

INCORPORATION OF MAYBANK SINGAPORE LIMITED

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

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

The MSL incorporation solidifies our commitment to Singapore

OUTLOOK FOR 2019

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

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

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

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

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

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

We will continue to protect margins via selective asset growth

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

NOTE OF APPRECIATION

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

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

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

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

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

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

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

Thank you.

Our Maybank, Our Future

DATUK ABDUL FARID ALIAS
Group President & Chief Executive Officer

Our Business Model

WE DEPLOY OUR CAPITALS OPTIMALLY

FINANCIAL CAPITAL

Supported by:

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

INTELLECTUAL CAPITAL

Built on:

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

MANUFACTURED CAPITAL

Aimed at service delivery improvements by:

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

HUMAN CAPITAL

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

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

SOCIAL & RELATIONSHIP CAPITAL

Our commitment to the communities we serve:

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

TO CREATE

1 OUR VALUE CREATION STRATEGY

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

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

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

3 OUR STRONG GOVERNANCE

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

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

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

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

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

SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

2 OUR MAYBANK2020 STRATEGIC OBJECTIVES

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

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

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

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

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

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

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

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

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

CUSTOMERS

- New client-centric digital innovations such as Maybank QRPay, Maybank Trade, and E-CLEVA.
- A growth of active users by 17% YoY due to enhanced UI/UX design on Maybank2u website.
- Industry leader in customer experience with Net Promoter Score (NPS) of +22.
- Introduced innovative products such as HouzKEY to address demand for home ownership solutions.

Refer to the Group Community Financial Services, Group Global Banking, Group Insurance & Takaful, Group Islamic Banking, The Digital Bank of Choice and Service Delivery on pages 44, 48, 52, 56, 59 and 62 for more.

INVESTORS

- Return on Equity of 11.4% for FY2018.
- Full year FY2018 dividend payout of RM6.27 billion.

Refer to the Reflections from Our Group PCEO and Group CFO on pages 16 and 32 for more.

REGULATORS

- Compliance with regulatory requirements.
- Smooth adoption the new accounting standard MFRS 9.
- Contributed RM2.55 billion in taxes and zakat contributions.

Refer to the Financial Statements book pages 66, 71 and 177 for more.

COMMUNITY

- Awarded RM24.19 million of academic scholarships.
- Maybank Foundation invested RM1.8 million in 2018 for the Maybank Women Eco-Weavers Programme in three ASEAN countries: Cambodia, Indonesia and Laos.

Refer to the Sustainability Statement page 106 for more.

EMPLOYEES

- RM4.94 billion on salaries and rewards.
- 55.60 average training hours per employee.

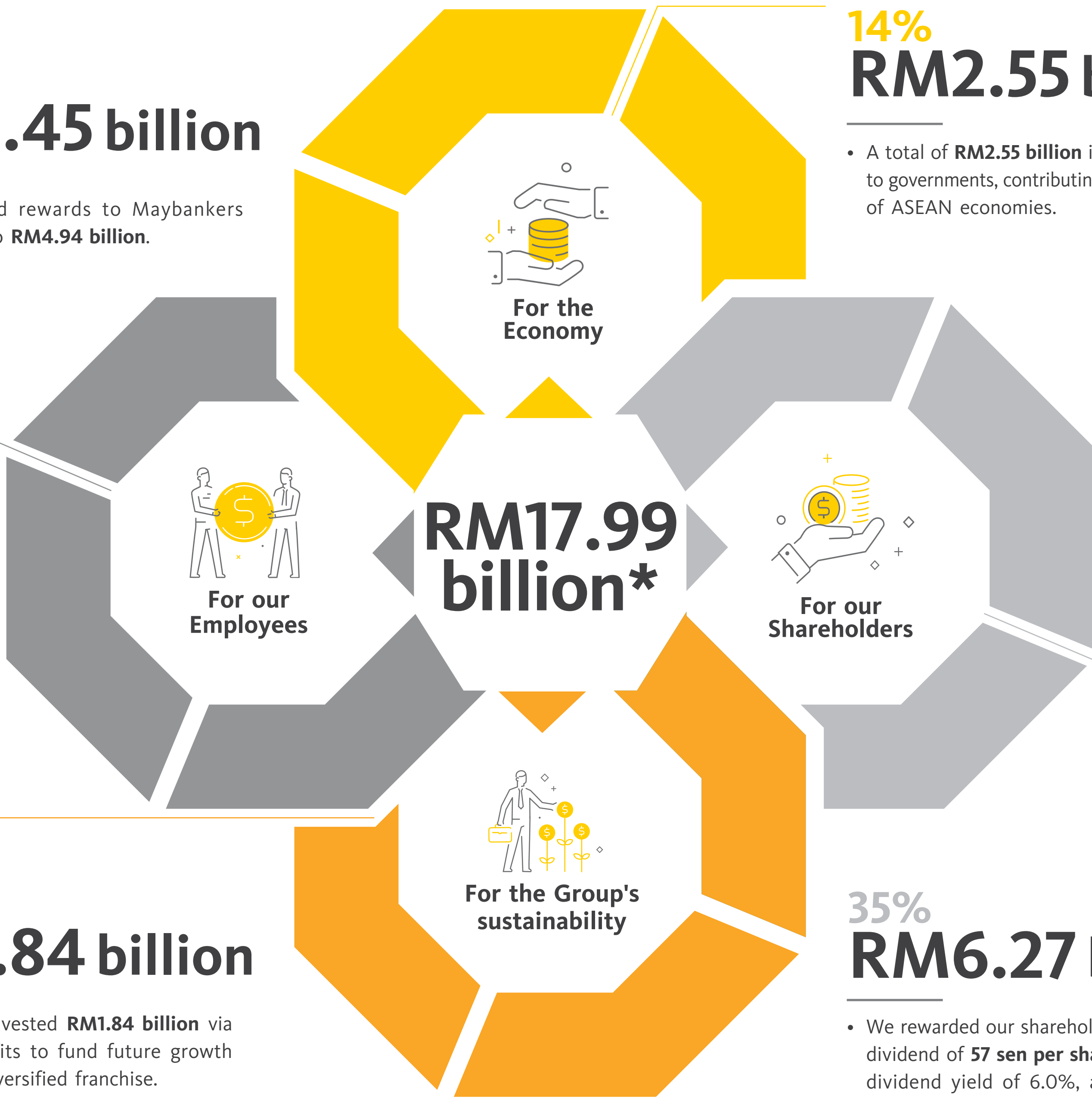
More in the Group Human Capital section on page 70.

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

How We Distribute Value Created

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

Value created in 2018 was distributed as follows:



36%
RM6.45 billion

- Salaries and rewards to Maybankers amounted to **RM4.94 billion**.

14%
RM2.55 billion

- A total of **RM2.55 billion** in tax and zakat paid to governments, contributing to the development of ASEAN economies.

10%
RM1.84 billion

- Maybank reinvested **RM1.84 billion** via retained profits to fund future growth across our diversified franchise.

35%
RM6.27 billion

- We rewarded our shareholders with a full year dividend of **57 sen per share**, translating to a dividend yield of 6.0%, among the sector's highest.

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

Stakeholder Engagement

	Engagement Channels	Stakeholder Objectives	Our Responses
Investors	• Conferences and non-deal roadshows • Quarterly conference calls and biannual analysts briefings on financial performance • Thematic investor day briefings • One-to-one and group investor meetings with GPCEO, GCFO or Head of Group Investor Relations • Dissemination of information and disclosure of materials on our website at www.maybank.com/ir • AGM and EGM • Annual and sustainability reports	• Resilient revenue growth and sustainable cost management • Sustainable dividend stream • Asset quality and manageable credit risks from exposure to sectors with an uncertain outlook such as power, construction, infrastructure and property • Embed sustainability considerations into business practices • Stay ahead of emerging competition in the banking industry particularly from FinTech	• Continue to create sustainable values by leveraging on our diversified portfolio across ASEAN and key financial centres • Emphasis on strong liquidity and capital management to support growth across the region • Provide timely and comprehensive asset quality disclosures • Integrate ESG considerations into our credit and risk evaluation processes • Hosted "Maybank Islamic Investor Day" and "Maybank Group Insurance & Takaful Day" for analysts For more details, please refer to Reflections from our Group CFO, page 32
Customers	• Digital touchpoints, which include Maybank2u & Maybank Trade mobile apps, Maybank2u & Maybank2e websites, and Etiqa online portals • Physical branches, self-service terminals (e.g. ATMs) • Customer Service Centres • Sales representatives, i.e. Relationship Managers, Personal Financial Advisors and Client Coverage Teams • Maybank social media platforms (Facebook, Instagram, Twitter) • Customer satisfaction surveys	• Enhance customer service levels and improve process efficiency as well as providing faster and more convenient banking options • Meet customers' expectations for personalised financial advice and financial solutions • Protection from fraud and scams • Provide fair pricing and terms	• Enhance our digital propositions to improve our customers' experience • Leverage data analytics capabilities to predict and provide solutions for our customers' future financial needs • Drive awareness on cyber security to combat attacks like phishing and malware, and enhance data security via biometrics • Expand our wealth management products and solutions, such as providing Multi-Currency Lombard Credit and cross-border financing in Malaysia, to improve customers' returns through diversification • Continue to develop attractive and competitively-priced products For more details, please refer to Group Community Financial Services, Group Global Banking, Group Insurance & Takaful, Group Islamic Banking, The Digital Bank of Choice and Service Delivery on pages 44, 48, 52, 56, 59 and 62 respectively
Regulators	• Reporting and periodic updates to regulators • Active participation and contribution to the industry and regulatory working groups, forums and consultation papers	• Effectively manage the risk of financial crime such as money laundering, terrorism financing, fraud, etc. • Manage our data governance, data privacy and cyber security • Cultivate an ethical and risk-aware culture that complies with regulations	• Continue to enhance our risk management tools • Continuously review and enhance Maybank's systems and processes for compliance risk management • Strengthen compliance monitoring and advisory and consistently comply with regulatory requirements For more details, please refer to Group Risk Management and Group Compliance, pages 63 and 69
Employees	• Employee dialogue sessions with Group EXCO – Conversation Series with C-Suite • Employee engagement programmes and initiatives • Regular electronic and printed communication (e.g. email and newsletters) • Employee engagement and feedback surveys/platforms (e.g. Employee Engagement Survey, electronic "Ask Senior Management", Group Human Capital Contact Centre)	• Employees have the relevant job skills in an evolving banking industry • An enabling work environment that successfully balances career and personal life • Empowered to deliver to the best of one's ability • Effort that positively impacts the lives of the communities and builds long-term relationships with them	• Rolled out FutureReady Digital Upskilling Programme • Strengthen learning and development programmes to include digital skills in existing curriculums including the roll-out of Agility@Work initiative • Provide holistic work-life balance programmes via the GO Ahead. Take Charge! platform that allows employees to take charge of their career by reskilling, tailoring their working arrangements and learning entrepreneurship skills • Conduct wellness activities throughout the year to cultivate and nurture wellness as part of our Workplace Futurisation • Strengthen mentoring and development of women employees and conduct leadership programmes to empower our talent • Continue with employee volunteerism programmes via the Cahaya Kasih platform For more details, please refer to Group Human Capital, page 70
Communities	• Partnerships and employee volunteerism in strategic community initiatives • Websites and social media channels including Twitter, Instagram, YouTube, Facebook and LinkedIn	• Maximise the positive impact from our initiatives with communities • Availability of financial advice, products and solutions for families, small businesses and the wider community • Contribution to initiatives that address unemployment and the need for higher education	• Reached out to the communities by running community programmes regionally and empowering communities where we operate through our Maybank Foundation flagship programmes and MaybankHeart platform • Frequently conduct financial literacy programmes whereby Maybank employees volunteer their expertise in programmes such as R.I.S.E. • Provided youth engagement and development programmes to attract and recruit talent e.g. Maybank GO Ahead. Challenge, SL1M, etc For more details, please refer to Sustainability Statement, page 106

Material Matters

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

In 2018, we improved our materiality assessment by:

- **Expanding our stakeholder groups**

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

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

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

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

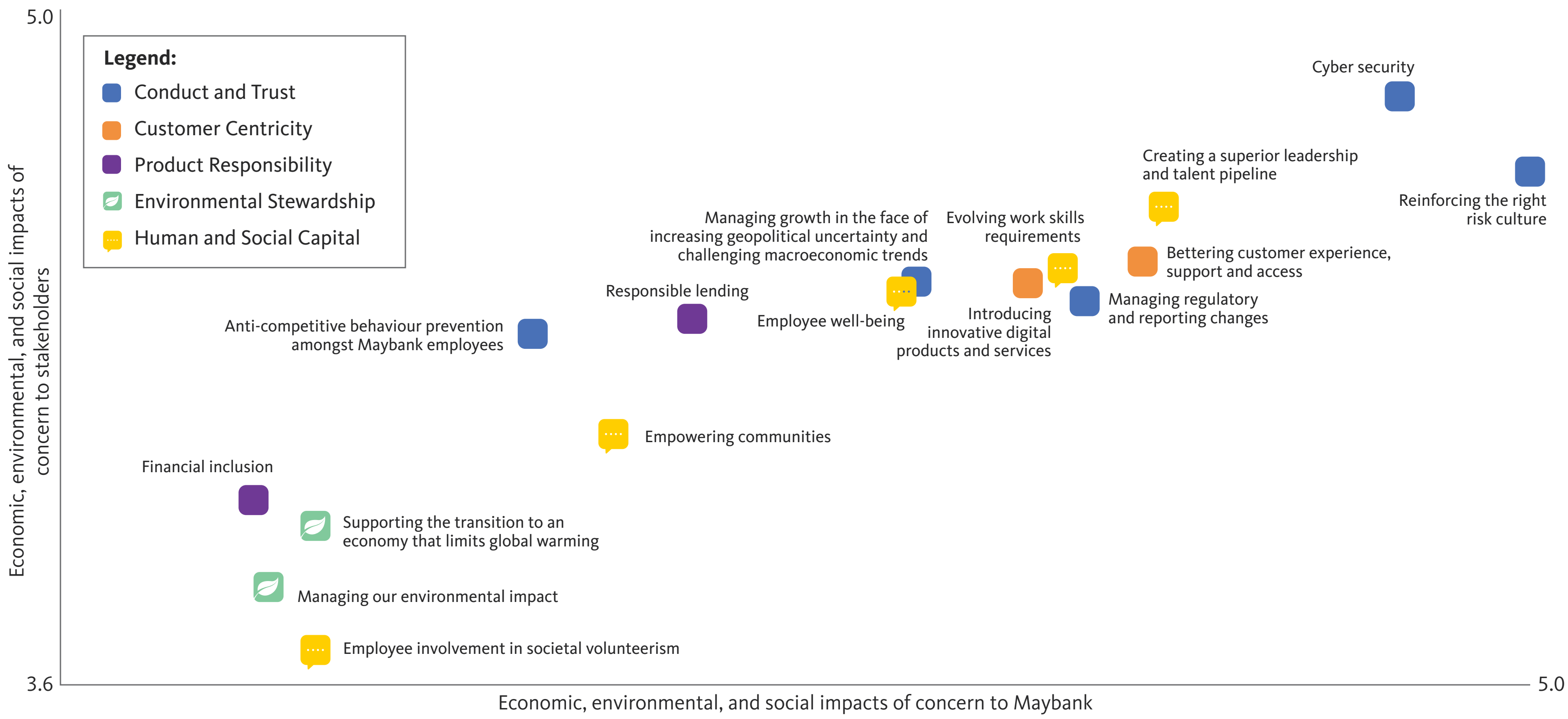
  We looked at internal inputs from employee engagement surveys, investor queries, Group Risk's annual assessments, management reviews and external frameworks, for example, the UN Sustainable Development Goals and Global Reporting Initiative, as well as emerging trends in the global financial services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

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

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

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

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



Maybank's materiality matrix 2018

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

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

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

Market Overview

MACROECONOMIC REVIEW AND OUTLOOK

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

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

	2018 Operating Landscape		2019 Outlook
	Positives	Negatives	
Malaysia GDP **2019(f): 4.9%** 2018: 4.7% 2017: 5.9% OPR **2019(f): 3.25%** 2018: 3.25% 2017: 3.00%	• Resilient consumer spending as private consumption boosted by 0% Goods and Services Tax (GST) between June and August 2018. • Trade diversion and substitution as well as investment relocation opportunities arising from the US-China trade war.	• Slowdown in public expenditure and private investment amid new Government's policy uncertainties after the general election. • Contractions in mining and agriculture sectors due to disruptions in natural gas and palm oil output. • Limited fiscal policy flexibility and budget constraints. • Supply-demand imbalances in the property market contributed by oversupply of commercial and residential properties.	• Stable growth path on expected rebound in mining and agriculture sectors via normalisation in natural gas and palm oil output. • Continued mixed domestic demand i.e. moderation in consumer spending to long-term average; pick up in private investment; flat public expenditure. • Moderation in global economic and trade growth but expect US-China trade deal to mitigate the downsides. • Challenging outlook for the property and construction sectors due to supply-demand mismatch and supply overhang. • No change in OPR to support domestic demand amid a benign inflation rate environment. • Expect more clarity over the Government's policies, especially on long term growth strategy.
Singapore GDP **2019(f): 1.8%** 2018: 3.2% 2017: 3.9% 3M SIBOR **2019(f): 2.20%** 2018: 1.89% 2017: 1.50%	• Growth in modern services cluster such as information and communications on demand for IT and digital services such as data centre and digital payments. • Domestic services such as insurance, health and social services supported by ramp-up of operations in healthcare facilities.	• Moderation in manufacturing and services sectors growth on impact of the US-China trade war escalation and tightening global and domestic monetary and financing conditions. • Tightening of property measures in July 2018 impacting property transactions. • Rise in domestic interest rates as the US Fed hiked federal funds rate further. • The Monetary Authority of Singapore (MAS) tightened further its policy in October 2018 by steepening the slope for the SGD NEER band, following the shift to a "slight appreciation bias" in April 2018 vs "neutral" stance in April 2016 – March 2018. The width and level of the band remained unchanged.	• GDP growth expected to slow significantly on further softness in export-based manufacturing sector and trade-related services amid global semiconductor industry downcycle and disruption from earlier escalation in US-China trade war. • Construction sector is expected to post gradual recovery, supported by uptick in public sector construction mainly from increase in industrial building construction and infrastructure works. • Expansionary Budget 2019 i.e. deficit spending after budget surpluses in 2016-2018, on record amount of special transfers to citizens, including healthcare supports plus investment in national security and infrastructure. • Given slowing growth and muted inflation, MAS expected to maintain its policy stance.
Indonesia GDP **2019(f): 5.1%** 2018: 5.2% 2017: 5.1% Reference Rate **2019(f): 6.50%** 2018: 6.00% 2017: 4.25%	• Stable economic growth underpinned by sustained momentum in domestic consumption and gross fixed capital formation amid higher infrastructure spending. • Liberalisation and incentives to boost private sector and foreign direct investments. • Very low private sector debt to GDP ratio relative to regional peers.	• Volatile currency due to twin deficits & high foreign ownership in bonds. • Bank Indonesia (BI) raised the benchmark interest rate six times between mid-May 2018 and November 2018 totalling 175 bps to stabilise Rupiah. • Measures to curb imports to address the widening current account deficit e.g. tariffs on imported consumer goods; capex review by large SOEs in oil & gas and power sectors.	• Presidential and general elections on 17 April 2019 – status quo will be positive to growth on political stability and policy continuity. • Steady growth momentum is expected to continue, mainly driven by higher growth in private consumption, continued infrastructure spending and improving investment climates following liberalisation and deregulation. • Given the expected persistence of twin deficits, BI is expected to raise its benchmark policy rate by another 50 bps to manage and attract capital flows.

BANKING SECTOR REVIEW AND OUTLOOK

Malaysia

System loan

2019(f): 5.1%
2018: 5.6%
2017: 4.1%

2018 Review

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

2019 Outlook

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

Singapore

System loan

2019(f): 3.7%
2018: 5.3%
2017: 8.0%

2018 Review

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

2019 Outlook

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

Indonesia

System loan

2019(f): 10.5%
2018: 11.8%
2017: 8.2%

2018 Review

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

2019 Outlook

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

Macro Risk Drivers

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

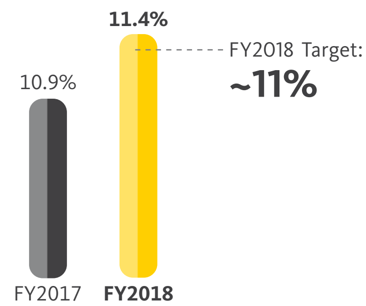
	Risk Drivers	Potential Impact to the Group	Mitigating Actions
Economic	• Uncertainty in the economies of our operating markets caused by a trade war; rising protectionism; tightening financial conditions; and volatility in capital flows, financial markets, currencies and commodity prices.	• Slower credit growth due to cautious business and consumer sentiment. • Weakening loan asset quality. • Profitability may be impacted amid financial market uncertainties and lower non-interest income.	• Strengthened analytics, review capabilities and processes. • Strengthened the management of accounts with vigilant monitoring through early detection of potential vulnerable accounts. • Developed portfolio insights based on stress test results.
Technological	• Technological evolution requires continuous adoption of new digital strategies/technologies to refine customer experience. • Emerging technology such as the internet of things (IoT), blockchain, and artificial intelligence offers tremendous benefits, but could also cause security breaches and system vulnerabilities if poorly designed, developed and implemented. • Increasing sophisticated cyber crimes targeting the financial industry.	• Cyber risks could impede trust and resilience of the bank and the banking industry. • Potential loss of revenue, reputation, productivity and contractual obligations. • Cost to the business from (potential) fines, cost of recovery, system downtime and legal fees. • Potential data breaches impact our trustworthiness and reputation and may lead to an increase in operating costs to address the situation.	• Aligned our cyber security programme with risk strategy and enhanced its capabilities to continuously monitor and respond to threats. • Elevated cyber security effectiveness and scalability across information security, Security Operations Centre and Threat Intelligence & research functions. • Established cyber defence roadmap with capabilities to discover, detect, contain and remediate cyber threats and vulnerabilities in real-time. • Expanded security controls and oversight on external outsource vendors. • Increased staff awareness on cyber incident management process and conduct internal cyber drills periodically.
Societal & Environmental	• Increasing complexity of environmental and social compliance standards.	• Financial and reputational risks arising from exposure to clients that have failed to effectively address environmental and social considerations, which not only have broader ESG impact to surrounding communities but could potentially affect an organisation's business operations and sustainability.	• Continuous review and enhancement to our environmental, social and governance (ESG) Risk Management Policy to enable and support sustainable business practices. • Integrated ESG considerations into our credit and risk evaluation processes.
Geopolitics	• Trade war between US-China; shifts in political climate in Europe (e.g. Brexit, EU-Italy budget standoff; Russia-Ukraine); regional tensions (e.g. Middle East; North East Asia; South China Sea); terrorists and cyber attacks possibly affecting economic growth.	• Slower credit growth due to weaker business and consumer confidence. • Potential weakness of loan asset quality as the business and market conditions become subdued. • Risk of lower profitability amid financial market turbulence and lower non-interest income.	• Established Portfolio Management team to strengthen portfolio management. • Integrated ESG considerations into our credit and risk evaluation process. • Developed stronger risk adjusted acceptance criteria at the point of origination for selected industries.
Regulatory	• Increasing developments of regulatory requirements in the banking industry.	• Measuring evolving regulatory changes prepare us to future-proof our business and provide sustainable financial services. • Regulatory and reporting changes may affect the Group's business model, compliance measures as well as the management of capital, liquidity and profitability.	• Continuous engagement with regulatory authorities to stay abreast of the latest regulatory development. • Strengthen existing policies, processes and controls in preparation for new and upcoming regulations.

Key Performance Indicators

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

Return on Equity (ROE)

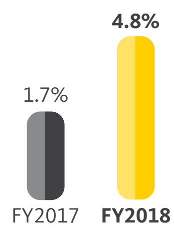
Objective: To deliver a reasonable return while balancing the need to maintain a healthy capital base. ROE is defined as profit attributable to shareholders over the average shareholders' equity (comprising share capital, retained earnings and other reserves) for the financial year.



Group Loans Growth

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

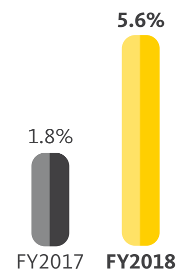
Target: In line with economic growth of home markets.



Group Deposits Growth

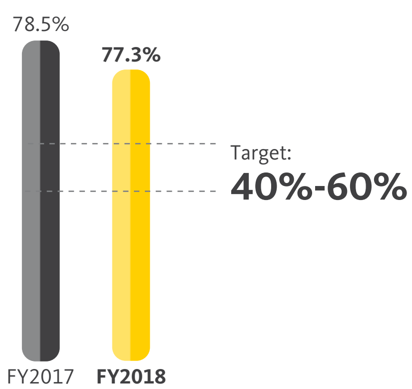
Objective: To strengthen our deposit base to fund our selective asset growth across key markets.

Target: In line with loans growth.



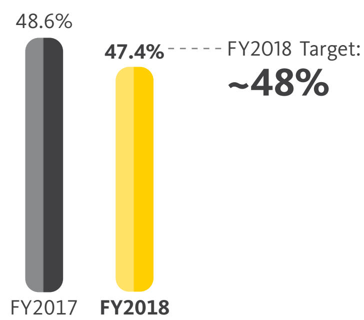
Dividend Payout Ratio

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



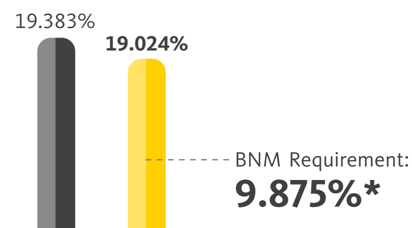
Cost-to-Income Ratio

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



Total Capital Ratio

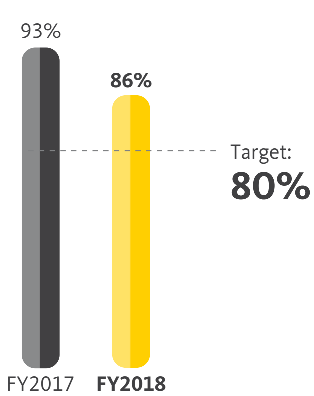
Objective: To maintain a strong capital base by adopting prudent capital management and be ahead of Bank Negara Malaysia's minimum regulatory requirements.



* Includes Capital Conservation Buffer of 1.875% for 2018

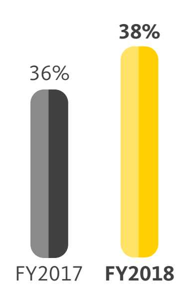
Refer to Reflections from our Group Chief Financial Officer on page 32 for more details.

Succession Realisation for Mission Critical Positions



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

Women in Senior Management



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

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

Reflections from Our Group Chief Financial Officer

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

TOP ACHIEVEMENTS IN 2018

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

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

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

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

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

ANALYSIS OF INCOME STATEMENT FOR FY2018

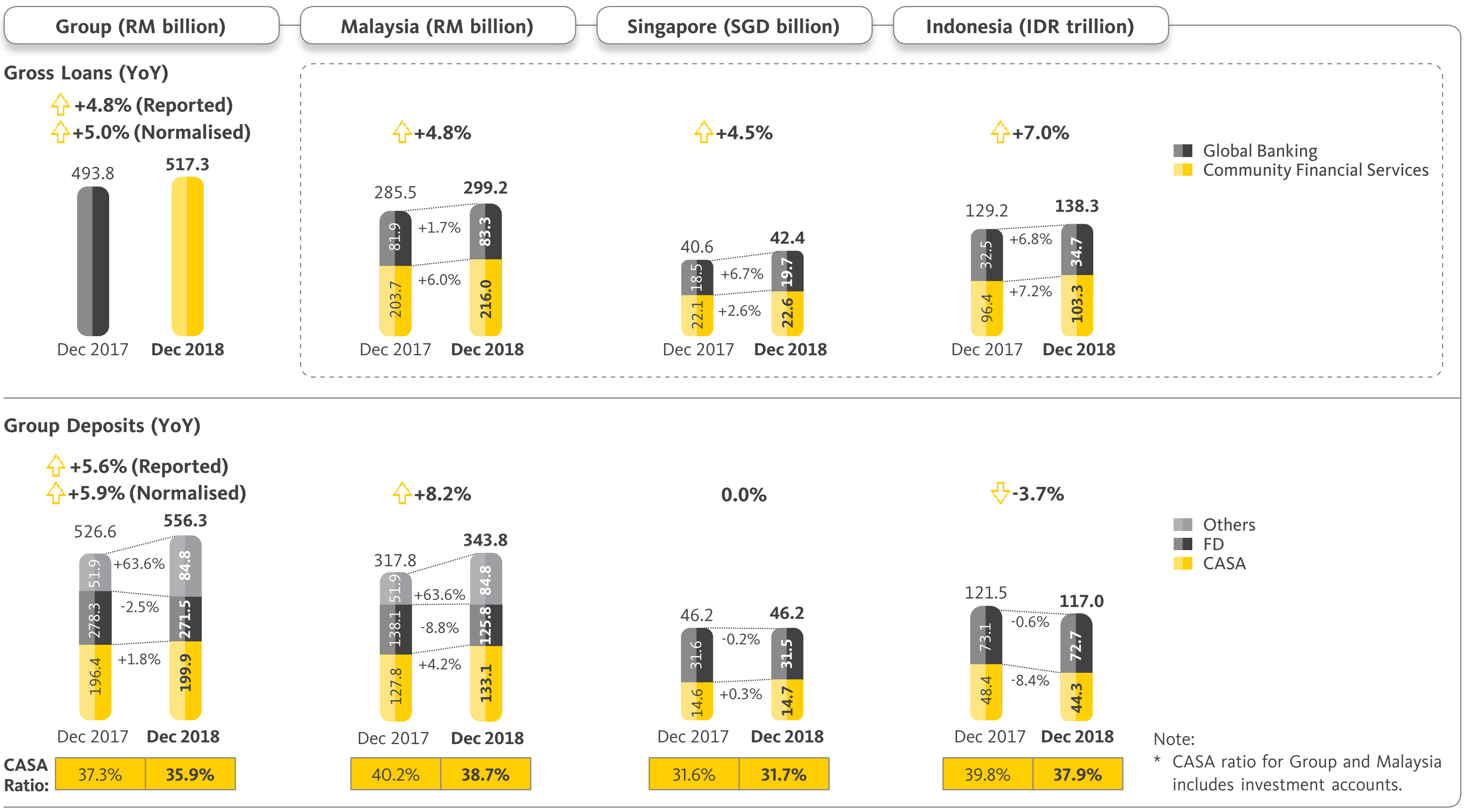
Profit & Loss Summary	FY2017 RM million	FY2018 RM million	YoY
Net fund based income	16,627.7	17,135.9	3.1%
Net fee based income	6,610.5	6,493.8	(1.8%)
Net operating income (Revenue)	**23,238.1**	**23,629.6**	**1.7%**
Overhead expenses	(11,326.8)	(11,213.7)	(1.0%)
Pre-provisioning operating profit (PPOP)[1]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

Note:
1 Pre-provisioning operating profit (PPOP) is equivalent to operating profit before impairment losses
2 Net profit is equivalent to profit attributable to equity holders of the Bank

Record profit achieved despite more challenging environment

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

ANALYSIS OF BALANCE SHEET AS AT 31 DECEMBER 2018



Group loans growth driven by growth in home markets

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

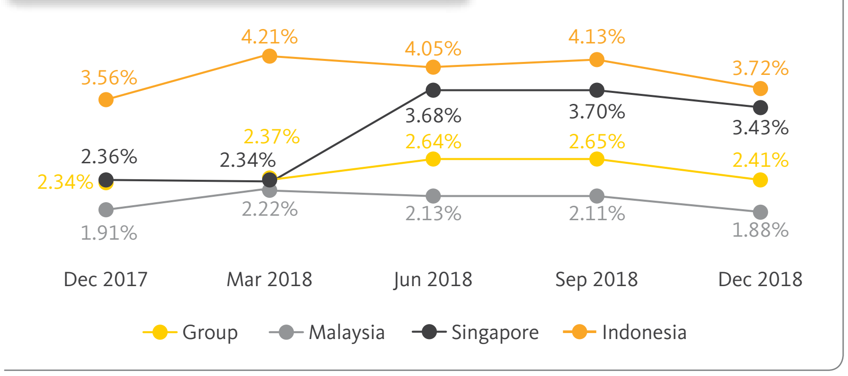
CASA expansion supported customer deposit growth

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

Preserving asset quality through proactive risk management

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

GIL Ratio by Group and Home Markets



INVESTOR KEY FOCUS AREAS AND OUR RESPONSES

NIM trends in rising rate environment	A rising rate environment in Malaysia and Singapore would typically result in Group NIM expansion, due to asset re-pricing coupled with our continued ability to secure a higher proportion of current accounts and savings accounts. However, we made a decision to increase our liquidity positions ahead of Malaysia's General Election in May 2018, as part of our prudent asset-liability and risk management practises. The increase in fixed and other short-term deposits resulted in NIM compression, as our interest expense growth rose faster than our interest income growth, but the impact was mitigated towards the end of the year as we released costly fixed deposits.
Impact of policy changes by new Malaysian government post General Election	Zero-rating of the goods and services tax from June to August 2018 bode well for overall consumer consumption while the government's review of large infrastructure and construction projects saw slower growth in these corporate lending segments. Fiscal reforms and revenue enhancing measures announced under Budget 2019 were balanced, with incentives addressing affordable housing needs, supporting SMEs and promoting technology adoption.
Changes arising from MFRS 9 adoption and outlook on asset quality	Maybank Group adopted MFRS 9 on 1 January 2018, whereby impairment assessments are made on the expected credit loss model using forward looking assumptions. The Day-1 impact to the Group's capital ratios arising from MFRS 9 adoption was manageable, with the ratios decreasing between 33 and 34 bps. The Group continues to maintain its cautious risk appetite for high-risk sectors such as oil and gas while prudently providing allowances for loans or financial investments of borrowers displaying weakness, as per MFRS 9 requirements.
Dividend policy and capital management	Our dividend policy remains between 40%-60% and we continue to retain the dividend reinvestment plan (DRP), as an effective capital management tool to manage our equity growth vis-à-vis risk-weighted asset growth. As part of our commitment to improve shareholder returns in line with our capital management strategy, we will continue to provide strong effective cash dividend payout to shareholders under the DRP (refer to page 36 for the dividend payout chart).
Digital strategy	As the competitive banking landscape continues to be redefined by FinTech players and digital enablers, our digital focus of becoming The Digital Bank of Choice is to facilitate services through our multiple digital platforms in a fast, easy and safe manner for our customers. This digital strategy also extends beyond our customer offerings as we look to future-proof our employees through upskilling initiatives and leveraging technology to improve internal systems and process efficiencies.
Singapore local incorporation	The Singapore local incorporation which was completed on 5 November 2018, entailed the transfer of our CFS business from the existing Maybank Singapore Branch to the newly incorporated subsidiary, Maybank Singapore Limited (MSL). MSL now operates our CFS business consisting of retail, private wealth, retail SME and commercial banking in Singapore. The Global Banking business will continue to be operated under the Maybank Singapore Branch.
Environmental, social and governance (ESG) approach, commitment and progress	Maybank Group's Board of Directors regularly reviews the Group's sustainability performance and strategies, focusing on ESG aspects. As part of our Responsible Lending Guidelines, we established a list of criteria to manage ESG risks. This was further enhanced with the development of an ESG Risk Management Framework, approved by the Board in 2017. The framework was formulated in alignment with global standards and practices, such as the United Nations' Human Rights Policy, International Finance Corporation (IFC) standards and global environmental standards. Further details on our ESG commitment can be obtained from our Sustainability Report, produced annually.

EFFECTIVE CAPITAL AND LIQUIDITY MANAGEMENT

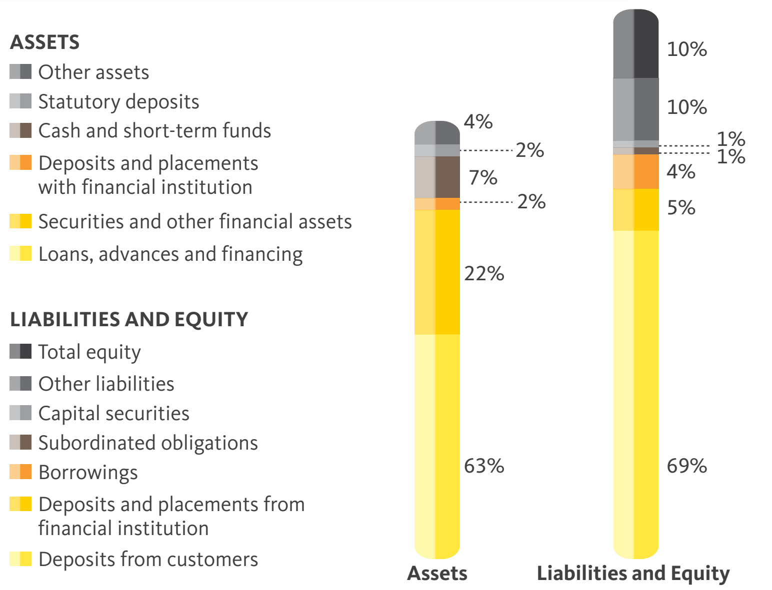
The Group's approach to managing capital is set out in the Group Capital Management Framework, Group Capital Contingency Plan and Group Annual Capital and Funding Plan, all of which are formally reviewed and approved by the Maybank Group Board. The Group also complies with Bank Negara Malaysia's (BNM)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

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

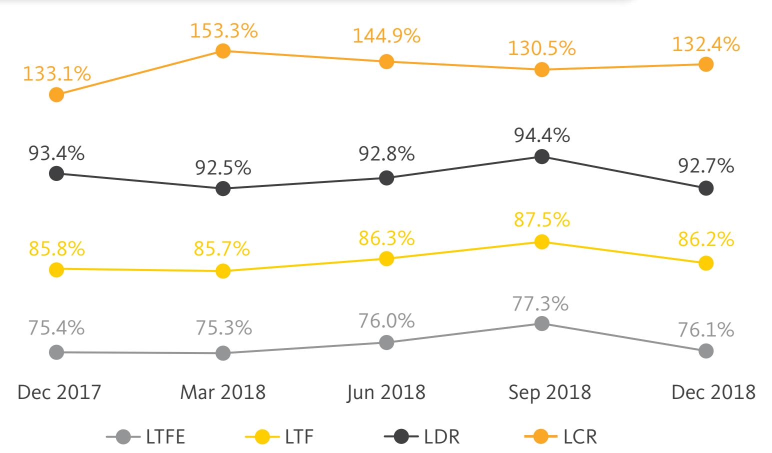
Our funding profile not only focuses on diversification and a balanced mix, but that we maintain optimal funding cost and long-term funding stability. Our strong franchise and digital platforms provide accessibility to various funding sources across retail and wholesale channels, tenures, currencies,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

Funding and liquidity profile is stable and well-diversified

Our funding versus assets structure as at 31 December 2018



Liquidity Risk Indicators

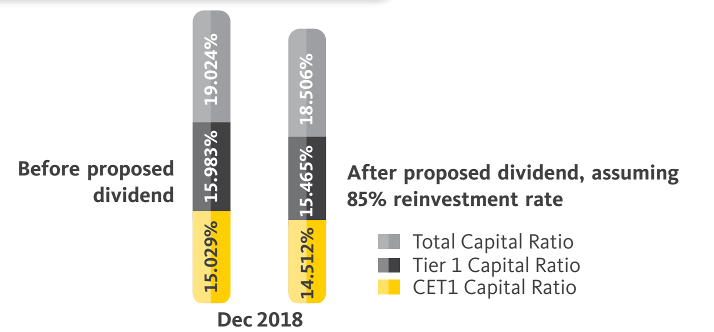


Note:
1 BNM's minimum LCR requirement for 2018 is 90%
2 LTF is gross loans divided by (deposits + borrowings + subdebt) while LTFE's denominator is (deposits + borrowings + subdebt + equity + capital securities)
3 LDR, LTF & LTFE excludes loans to banks and FIs

- From our agile funding strategy, we were able to maintain healthy liquidity risk indicators, with liquidity coverage ratio (LCR) at 132.4% as at 31 December 2018, above BNM's minimum LCR requirement of 90.0% for 2018. In addition, our other liquidity indicators such as loan-to-deposit ratio, loan-to-fund ratio and loan-to-fund-and-equity ratio remained stable at 92.7%, 86.2% and 76.1%, respectively as at 31 December 2018.
- As part of the daily liquidity management, the Group monitors intraday liquidity to ensure the smooth functioning of its payment and settlement processes. Our liquidity management initiatives to ensure sufficient liquidity to support business functions include:
  - Managing both short-term and long-term cash flows via maturity mismatch reports and indicators such as the LCR and net stable funding ratio (NSFR);
  - Diversifying funding sources such as currencies, customer types and market segments to ensure a healthy funding mix. This includes managing depositors' diversification to avoid overdependence on chunky depositors;
  - Managing the funding structure to optimise the funding cost;
  - Maintaining an appropriate mix of high quality liquid assets and adequate liquidity buffers to meet any unexpected cash outflows;
  - Conducting regular stress testing to assess cash flow vulnerability under stressed situations and deploy the necessary action plans; and
  - Maintaining a recovery plan in responding to liquidity disruptions under stressed conditions.
- Meanwhile, BNM has announced the deferment of the NSFR to 2020.

Robust capital base maintained

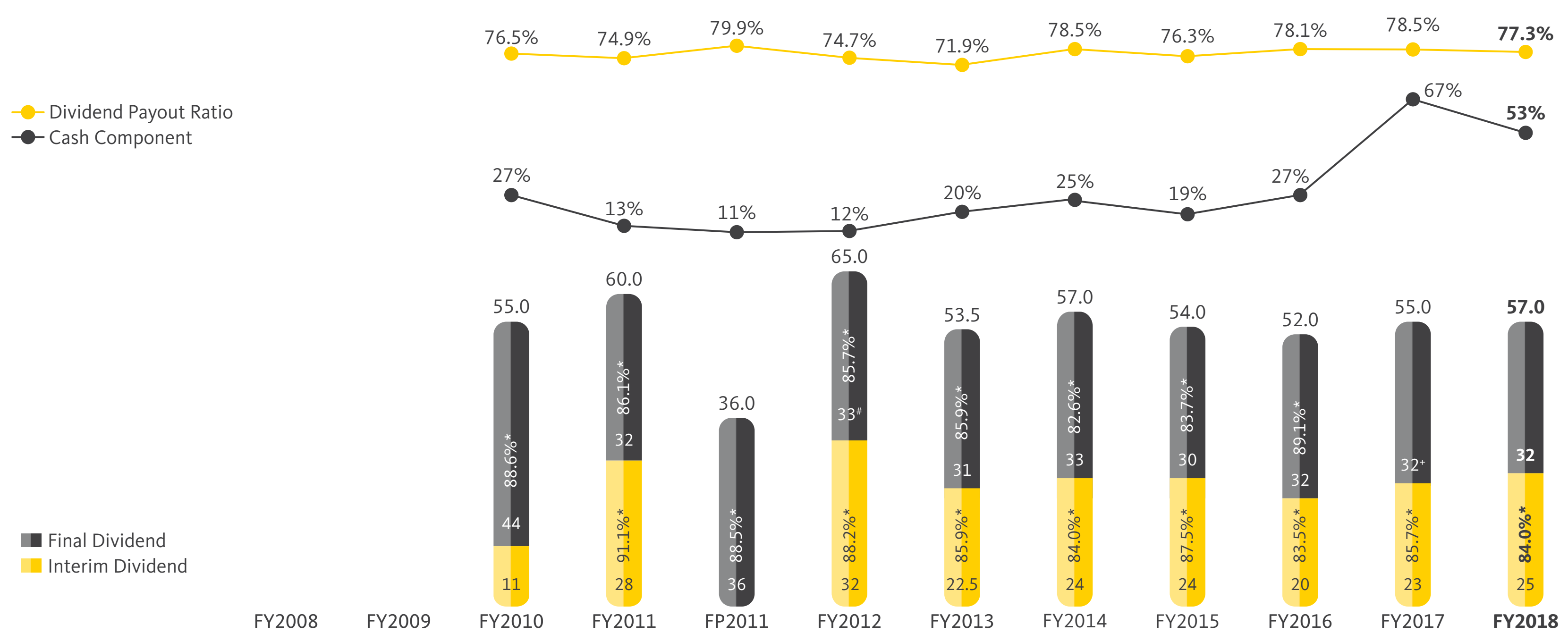
Group Capital Ratios



- Our capitalisation levels remained healthy with our Group CET1 Capital Ratio and Group Total Capital Ratio at 15.029% and 19.024% respectively, as at 31 December 2018. Assuming an 85% reinvestment rate under our Dividend Reinvestment Plan (DRP), Group CET1 Capital Ratio and Total Capital Ratio would be 14.512% and 18.506% respectively.
- The Group maintains a robust risk adjusted performance management framework to ensure capital is allocated and utilised efficiently based on risk profile, business needs and regulatory requirements. Aside from managing our business as usual functions, we also have a formalised mechanism to manage capital, funding and liquidity under the Group Recovery Plan to cater for an extreme stress scenario. Various external and internal indicators are actively tracked via established committees to ensure that identified stress events are escalated and addressed promptly.
- Our capital initiatives for FY2018 included our ongoing DRP which resulted in the issuance of 104,486,785 ordinary shares that raised about RM0.9 billion under the 17th DRP. In addition, we also issued Maybank's USD15 billion Multicurrency Medium Term Note programme to allow for Basel III-compliant Additional Tier 1 capital securities issuances. This will enable us to further diversify our foreign currency capital sources and broaden our debt securities issuance range for Tier 1 capital, Tier 2 capital and senior notes.
- The Group also provided capital support to its subsidiaries namely PT Bank Maybank Indonesia and for the local incorporation of Maybank Singapore Ltd in FY2018.

Value creation for our shareholders

Dividend (sen), Payout Ratio (%) and Cash Component (%)



	FY2008	FY2009	FY2010	FY2011	FP2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Effective Cash Dividend Paid Out	60.4%	61.4%	26.2%	17.2%	17.0%	19.0%	22.0%	29.0%	23.2%	28.6%	57.2%	**46.3%**

Note:
* Actual Reinvestment Rate for Dividend Reinvestment Plan. The reinvestment rate for Final Dividend FY2018 is pending the execution of the 18th DRP. Effective payout for final dividend FY2018 is assuming a reinvestment rate of 85%.
+ The Final Dividend for FY2017 was paid fully in cash.
# The Net Dividend is 28.5 sen of which 15 sen is single-tier dividend. Maybank adopted the single-tier dividend regime with effect from FY2012.

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

OUTLOOK FOR 2019

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

Other key ongoing priorities for Maybank Group into 2019 include:
- our emphasis to improve productivity levers and drive positive JAWs across business segments;
- proactively manage asset quality and maintain ongoing recovery efforts;
- prioritising capital and liquidity strength given increasingly volatile capital markets and global macroeconomic headwinds as well as to comply with regulatory requirements such as NSFR; and
- maintain our attractive shareholder rewards payout by focusing on improving the effective cash dividend payout.

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

Investor Information

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

Corporate website	Results briefings	AGM & EGM	Meetings, conferences & roadshows	Investor days and themed briefings

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

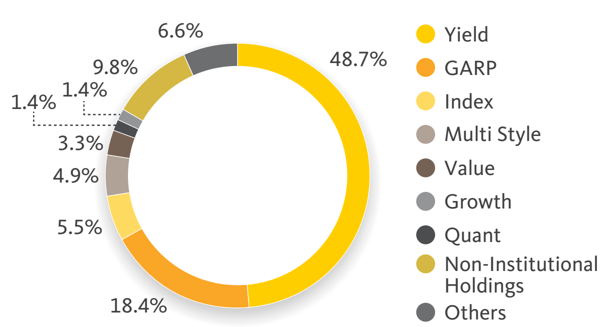
SHAREHOLDER ANALYSIS

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

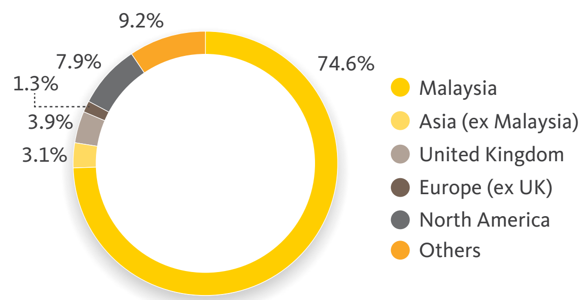
Total Shareholders	
Dec 2014	62,814
Dec 2015	68,121
Dec 2016	79,942
Dec 2017	72,692
Dec 2018	78,872

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

SHAREHOLDING BY INVESTMENT STYLES



SHAREHOLDING BY REGION



SHARE PRICE PERFORMANCE

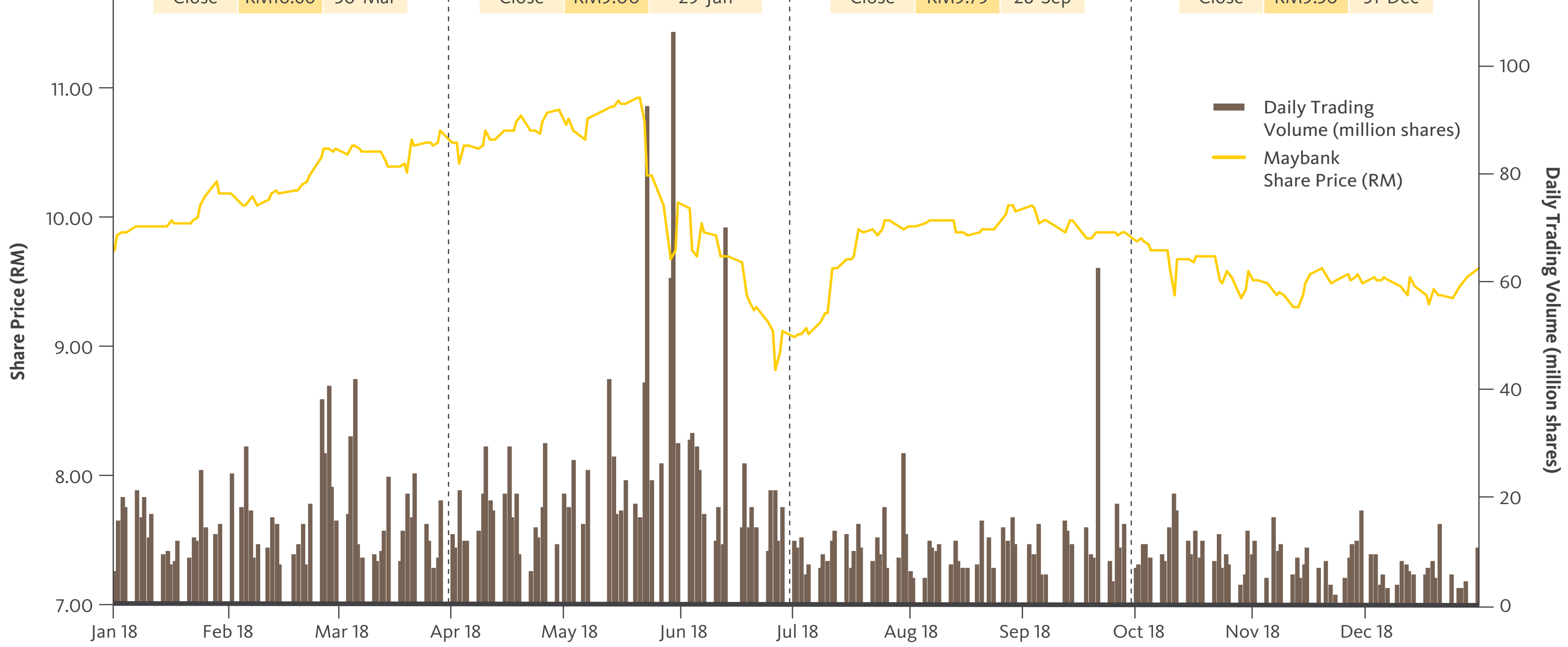
Maybank Share Price & Volume Performance in 2018

1Q		
High	RM10.60	30 Mar
Low	RM9.66	2 Jan
Close	RM10.60	30 Mar

2Q		
High	RM10.88	21 & 22 May
Low	RM8.68	27 Jun
Close	RM9.00	29 Jun

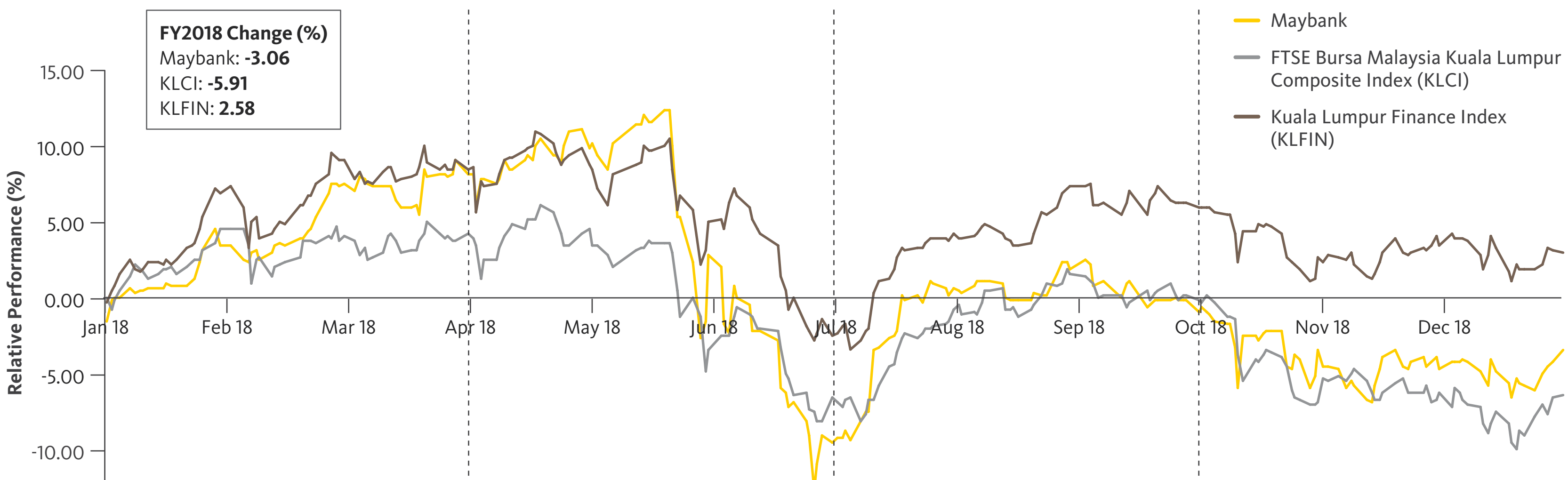
3Q		
High	RM10.02	3 Sep
Low	RM8.96	2 Jul
Close	RM9.79	28 Sep

4Q		
High	RM9.74	2 Oct
Low	RM9.19	13 Nov
Close	RM9.50	31 Dec



Note:
The separator lines in the chart above indicates the end of each quarter.

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



1Q Change (%)

Maybank	8.16
KLCI	3.71
KLFIN	8.10

Maybank's share price uptrend was due to:

- Strong FY2017 financial performance
- Market run-up ahead of Malaysia's 14th General Election (GE14)

2Q Change (%)

Maybank	-15.09
KLCI	-9.23
KLFIN	-8.66

Share price:

- Uptrend continued into May due to anticipated consumer and corporate spending uptick ahead of GE14
- Subsequent downtrend led by foreign fund outflows post GE14 and uncertainty over execution of large infrastructure and construction projects
- Also, weighed down by specific asset quality exposure concerns

3Q Change (%)

Maybank	8.78
KLCI	6.01
KLFIN	6.90

Share price corrected and stabilised:

- As previous quarter's sell-down largely overdone
- As seen with other financial stocks ahead of June quarterly reporting season.

4Q Change (%)

Maybank	-2.96
KLCI	-5.72
KLFIN	-2.83

Share price weighed down by:

- Continued foreign fund outflows on Bursa amidst investor concerns on escalating trade tensions between US-China and slowing global growth

Note:
The separator lines in the chart above indicates the end of each quarter.

TOTAL SHAREHOLDER RETURN

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

LONG-TERM TOTAL SHAREHOLDER RETURN

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

* FP2011 refers to the 6-month financial period which was for Maybank to change its financial year end to 31 December from 30 June. FY2010 to FY2011 are 12 months ended 30 June.
^ CY2011 refer to the 12-month calendar year which is unaudited and shown for illustrative purposes only.

Financial Performance

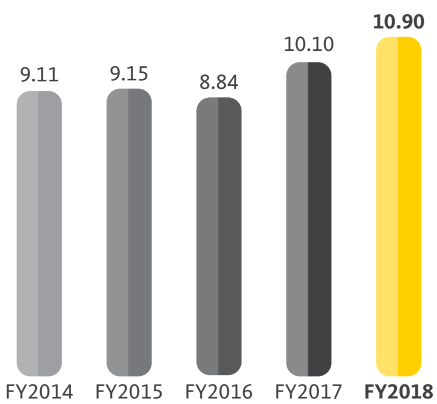
FIVE-YEAR GROUP FINANCIAL SUMMARY

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

1 PPOP is equivalent to operating profit before impairment losses as stated in the income statements of the financial statements.
2 Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments held-for-trading, financial investments at fair value through other comprehensive income, financial investments available-for-sale, financial investments at amortised cost and financial investments held-to-maturity.
3 Pursuant to Companies Act 2016, the share capital will cease to have par or nominal value, and share premium become part of the share capital.
4 Cost to income ratio is computed using total cost over the net operating income. The total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Maybank Indonesia Tbk and Maybank Kim Eng Holdings Limited.
5 Loan-to-deposit ratio for December 2018, December 2017, December 2016 and December 2015 is computed using gross loans, advances and financing over deposits from customers and investment accounts of customers.
6 Deposits to shareholders' fund for December 2018, December 2017, December 2016 and December 2015 is including investment accounts of customers.

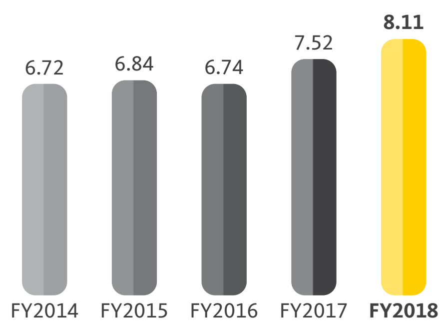
PROFIT BEFORE TAXATION AND ZAKAT

RM10.90 billion



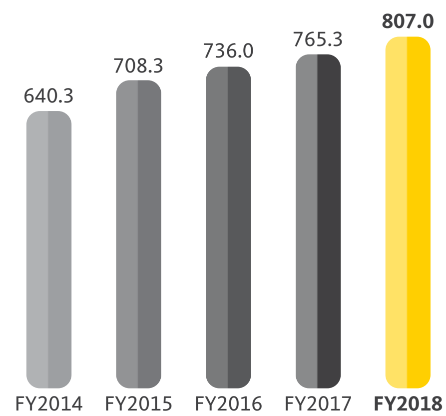
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

RM8.11 billion



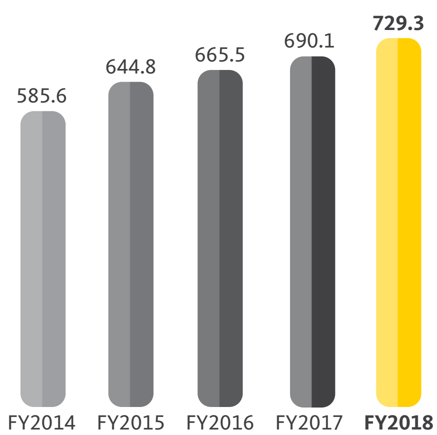
TOTAL ASSETS

RM807.0 billion



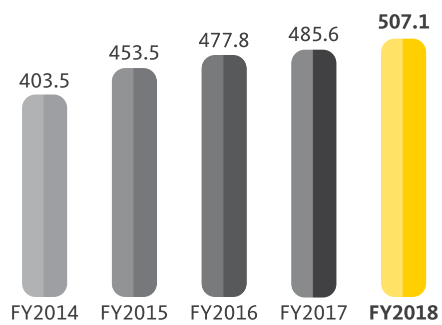
TOTAL LIABILITIES

RM729.3 billion



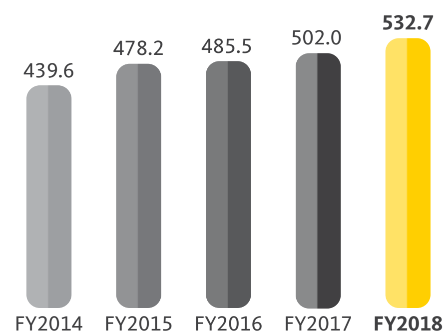
LOANS, ADVANCES AND FINANCING

RM507.1 billion



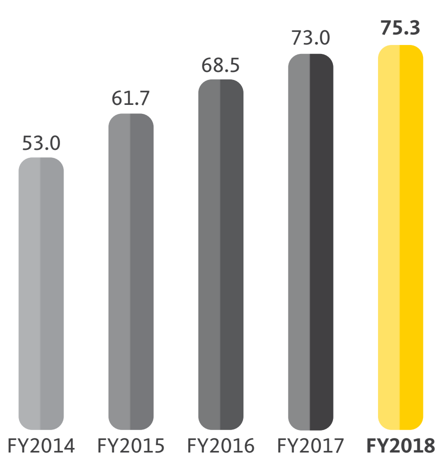
DEPOSITS FROM CUSTOMERS

RM532.7 billion



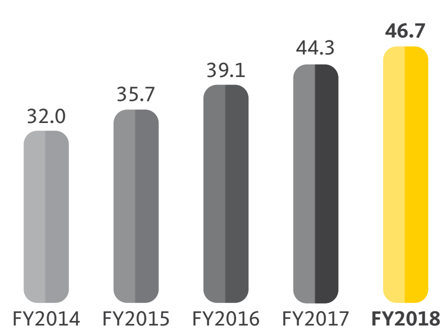
SHAREHOLDERS' EQUITY

RM75.3 billion



SHARE CAPITAL[1]

RM46.7 billion

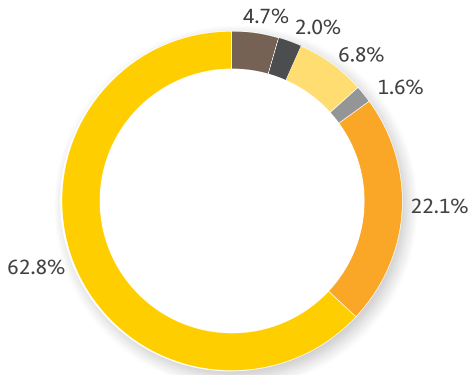


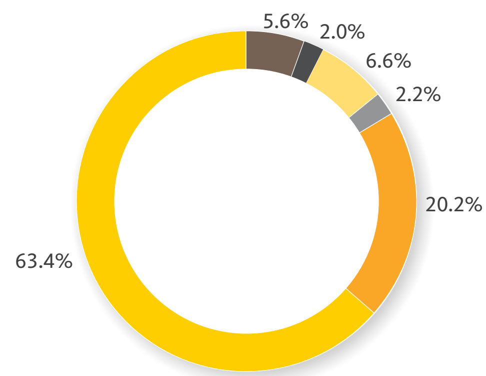
[1] Share capital for FY2016, FY2015 and FY2014 is inclusive of share premium.

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

Total Assets

RM807.0 billion
As at
31 December 2018



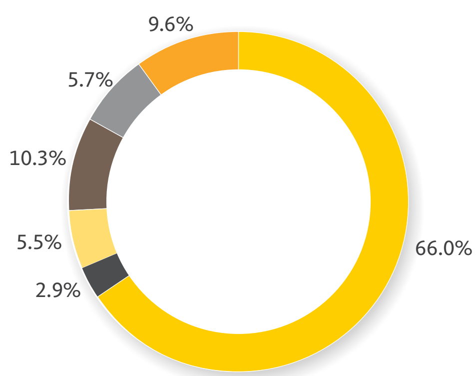


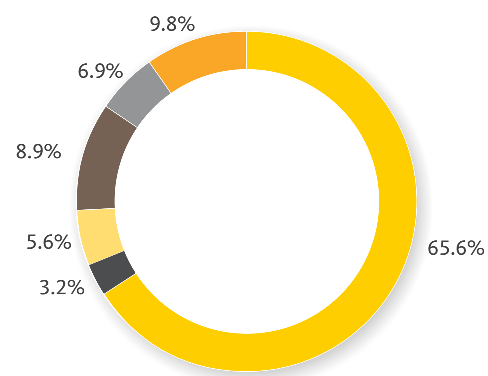
RM765.3 billion
As at
31 December 2017

Cash and short-term fund · Deposits and placements with financial institutions · Financial investments portfolio · Loans, advances and financing · Other assets · Statutory deposits with central banks

Total Liabilities & Shareholder's Equity

RM807.0 billion
As at
31 December 2018





RM765.3 billion
As at
31 December 2017

Deposits from customers · Investment accounts of customers · Deposits and placements from financial institutions · Other liabilities · Borrowings, subordinated obligations and capital securities · Shareholders' equity

GROUP QUARTERLY FINANCIAL PERFORMANCE

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

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

KEY INTEREST BEARING ASSETS AND LIABILITIES

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

STATEMENT OF VALUE ADDED

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

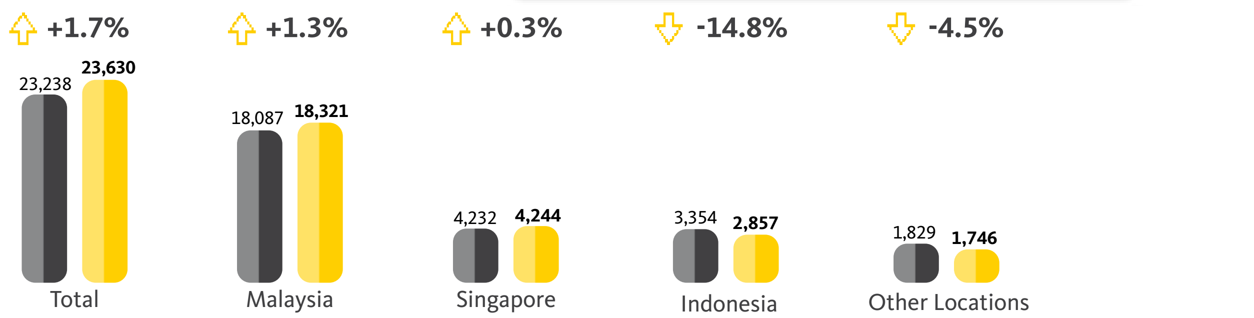
DISTRIBUTION OF VALUE ADDED

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

SEGMENTAL INFORMATION

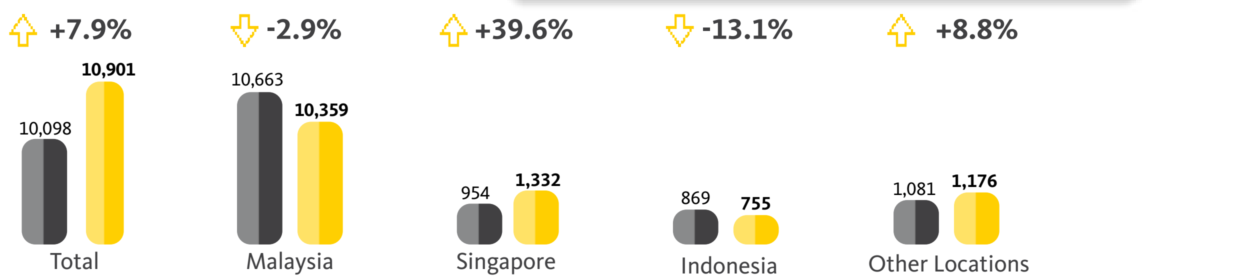
ANALYSIS BY GEOGRAPHICAL LOCATIONS

Net Operating Income (RM' million)



Note:
Total net operating income includes inter-segment which are eliminated on consolidation of RM3,538 million for FY 31 December 2018 and RM4,264 million for FY 31 December 2017.

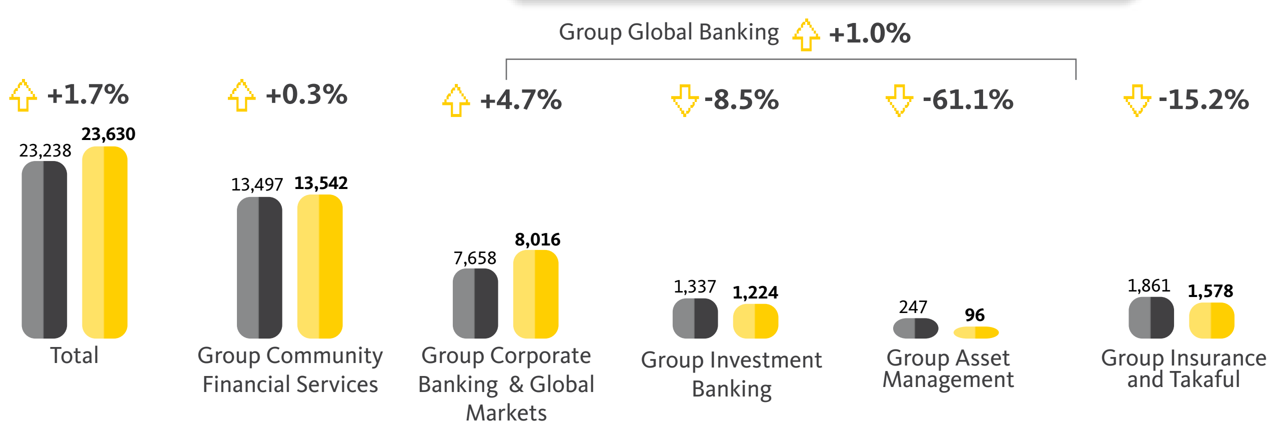
Profit Before Taxation and Zakat (RM' million)



Note:
Total profit before taxation and zakat includes inter-segment which are eliminated on consolidation of RM2,721 million for FY 31 December 2018 and RM3,469 million for FY 31 December 2017.

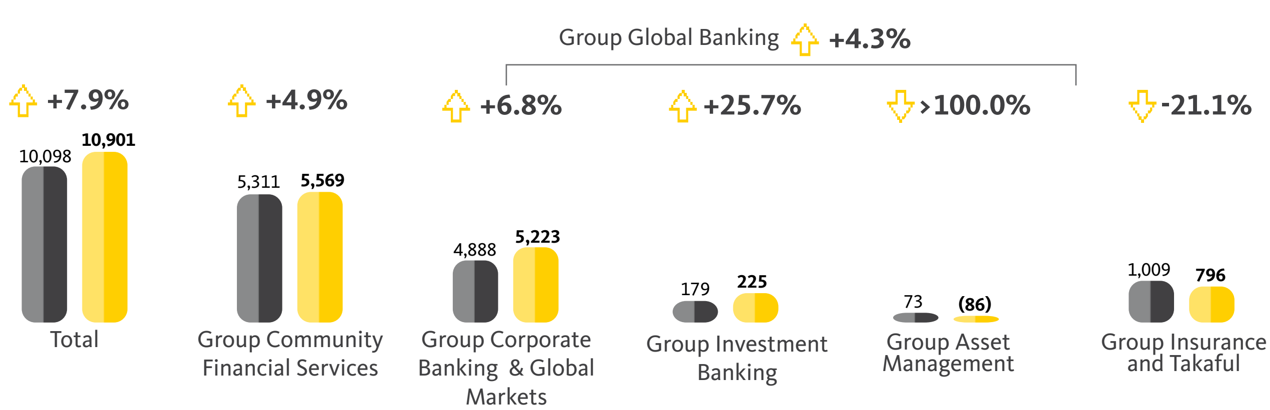
ANALYSIS BY BUSINESS SEGMENTS

Net Operating Income (RM' million)



Note:
Total net operating income includes expenditure of Head Office & others and inter-segment which are eliminated on consolidation of RM826 million for FY 31 December 2018 and RM1,362 million for FY 31 December 2017.

Profit Before Taxation and Zakat (RM' million)



Note:
Total profit before taxation and zakat includes expenditure of Head Office & others and inter-segment which are eliminated on consolidation of RM826 million for FY 31 December 2018 and RM1,362 million for FY 31 December 2017.

FY 31 Dec 2017 FY 31 Dec 2018

Group Community Financial Services

STRATEGIC OBJECTIVE

Group Community Financial Services (GCFS) aspires to be the Top ASEAN Community Bank as part of the Group's Maybank^{2020} strategic objectives. Our commitment to our key stakeholders include:

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

STAKEHOLDER EXPECTATIONS

Customers

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

Investors

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

Employees

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

Communities

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

Regulators

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

TOP ACHIEVEMENTS IN 2018

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

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

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

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

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

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
Opportunity & Risk: Notwithstanding a global economic slowdown, the ASEAN region sees continued economic growth and a stable political landscape.	• The US-China trade war has impacted business and investments around the world. However, growing affluence and urbanisation across ASEAN has increased demand for financial solutions.		• Employ a prudent strategy in lending to businesses; focus on small and medium-sized loans and increase recovery efforts. • Offer a suite of products including structured deposits, bancassurance and complex investments that cater to customers across the risk spectrum.
Opportunity & Risk: Advancement in digital innovation allows for customer-centric and cost-efficient solutions but threatens the relevance of less agile financial institutions.	• Increase investment in technology to continue to enrich our customers' banking experience. • Leverage appropriate delivery channels to lower the cost to serve. • The use of data analytics to target the right market and customer segment with the right product.		• Continue to enhance our digital propositions with an improved M2U UI/UX and deliver a personalised and seamless customer experience with faster turnaround time. • Leverage data analytics to predict our customers' next financial need so we can propose suitable financial solutions. • Centralise and streamline on-boarding and Know Your Customer (KYC) processes to increase efficiencies.
Opportunity & Risk: Increasing awareness on the role of the banking industry in a sustainable economy.	• Address increasing interest in companies with a robust environmental, social and governance (ESG) strategy and framework. • Opportunity to support sustainable projects.		• Incorporate ESG principles into our financing practices to effectively mitigate the risk from new credit applications and when conducting periodic credit reviews.
Opportunity & Risk: Evolving work skills to keep up with industry-level competencies and emerging banking technologies.	• Build a talent pipeline for a future-proof workforce that thrives in a digital economy. • Inculcate a culture of innovation and agility. • Increased disparity in the skills of employees and new job roles arising from emerging automated technologies.		• Persist in efforts to conduct training for sales personnel so they can leverage data analytics to identify potential needs-based selling opportunities. • Upskill employees with digital literacy skills through compulsory e-learning and specific courses, and conduct periodic internal employee communications.

KEY FOCUS AREAS FOR 2018

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

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

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

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

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

Realising untapped opportunities in the Retail SME landscape

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

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

Charting new frontiers through digitalisation

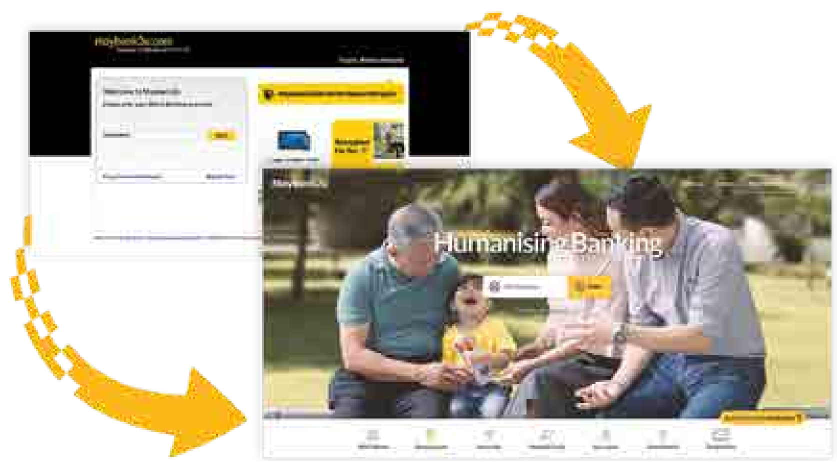
We created a cashless payment solution known as QRPay. This enables merchants to reduce their physical cash holdings while staying in control of their business with on-the-go real-time payment notifications. QRPay has contributed to the growth in the mobile banking monetary transaction value in Malaysia,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

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

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

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

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



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

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

OUTLOOK & PRIORITIES FOR 2019

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

Priorities for 2019:

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

OUR OPERATING LANDSCAPE IN 2018

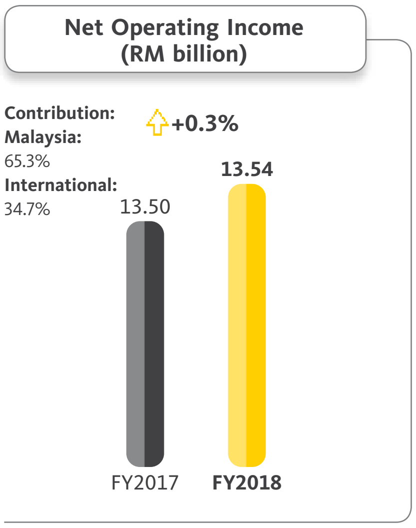
MALAYSIA

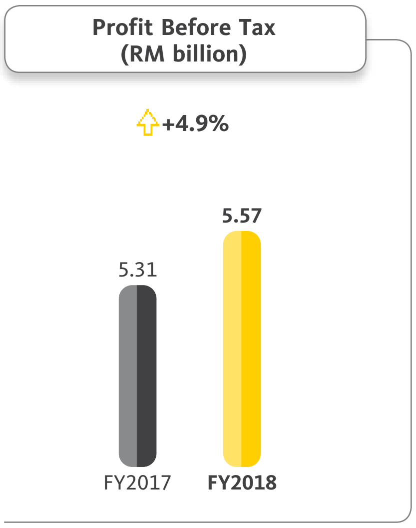
- Rapid evolution of new technology and customers' expectation require constant innovation and agility for us to remain as market leader.
- Increase in consumer spending supports our loans growth among consumers and Retail SMEs.
- Slowdown in Business Banking financing arising from the impact of domestic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

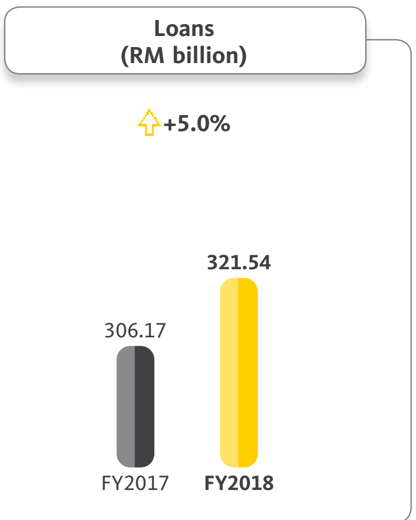
INTERNATIONAL

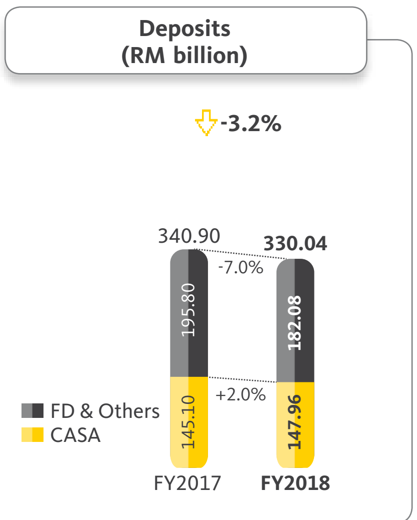
- Banks in Singapore aggressively priced their mortgage rates to ride on the upturn in the housing market, resulting in stiff competition.
- Economic growth in the Philippines and Cambodia supports expansion of our consumer loans.
- Regulatory changes in Indonesia and the Philippines as well as competitive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

REGIONAL FINANCIAL PERFORMANCE FY2018









KEY PERFORMANCE HIGHLIGHTS

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

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

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

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

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

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

Group Global Banking

STRATEGIC OBJECTIVE

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

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

STAKEHOLDER EXPECTATIONS

Customers

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

Investors

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

Employees

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

Communities

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

Regulators

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

TOP ACHIEVEMENTS IN 2018

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

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

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

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

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

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

NOTABLE DEALS

MALAYSIA

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

INTERNATIONAL

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

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
Opportunity & Risk: Pressure on the macroeconomic landscape due to political uncertainties, trade tensions and emerging market volatilities.	• Revenue growth may be impacted by slower corporate lending and capital market activities, as well as weaker trading performance. • Pressure on asset quality from selected industries and countries with an uncertain outlook.		• Ramp-up growth from Financial Institutions Group and mid-cap clients, and strengthen other revenue streams such as trade and foreign exchange. • Proactively engage with clients to assist them with their capital and funding needs during a challenging environment. • Manage our asset quality prudently by evaluating our risk appetite, rebalancing our portfolios and conducting stress tests to ensure we are able to continue providing sustainable returns to investors.
Opportunity & Risk: Digital innovations that disrupt and change the investment banking and brokerage landscape.	• Revenue growth impacted by heightened competition in the industry. • Opportunity to introduce innovative client-centric solutions that generate cost efficiencies in the long run.		• Invest in digital platforms, especially functions that enhance our clients' experience. In 2018, we introduced a mobile trading app, Maybank Trade, which was developed in-house. More details on page 50 and in The Digital Bank of Choice on page 61.
Opportunity & Risk: Tighter compliance regulations with emphasis on Anti Money Laundering & Counter Financing of Terrorism (AML/CFT) as well as regulatory changes (i.e. Foreign Exchange Administration (FEA)) and new accounting standards (i.e. MFRS 9).	• Higher cost of doing business to ensure our practices adhere to the various regulations, standards and codes of conduct at all times. • Focus on safeguarding the bank from any breaches that will expose the bank to reputational risks and fines.		• Ensure employees awareness through mandatory participation in compliance e-learning activities and training. • Refine our middle-office function to strengthen our KYC processes and ensure a seamless client on-boarding experience.
Risk: Intensifying competition in attracting and retaining highly skilled talents.	• Potentially higher recruitment costs.		• Provide career development opportunities through leadership programmes, international assignments and job rotations. • Encourage participation in upskilling programmes such as FutureReady and professional certifications to help employees remain relevant.
Opportunity & Risk: Increasing demand for banks to finance businesses and industries that positively impact the environment and society.	• Value proposition for renewable energy-focused companies and low-carbon emission agriculture. • An opportunity to cater to investors looking for sustainable investments.		• Review of GGB growth strategy and risk appetite in line with the Group's ESG framework and the Value-Based Intermediation (VBI) framework issued by Bank Negara Malaysia.

KEY FOCUS AREAS FOR 2018

Supporting the continued growth of our local & ASEAN clients

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

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

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

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

Promoting sustainable infrastructure in ASEAN

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

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

Investing in the future of wealth and investment management

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

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

Maybank senior management at Invest Asia UK.

Maybank senior management at a client appreciation dinner in Beijing.

OUTLOOK & PRIORITIES FOR 2019

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

Priorities for 2019:

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

OUR OPERATING LANDSCAPE IN 2018

MALAYSIA

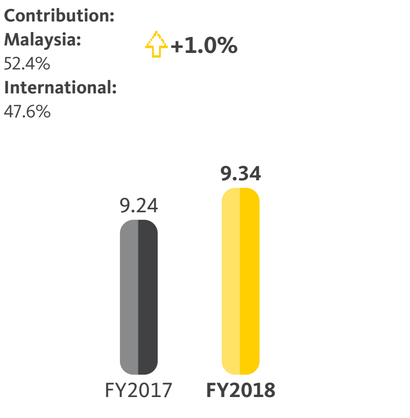
- Fiscal consolidation in second half of 2018 impacted corporate lending and capital market activities, however, cushioned by robust private consumption from the tax holiday period.
- Pick-up in non-household loans growth driven by construction, utilities and financial services sectors.
- Weak equity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

INTERNATIONAL

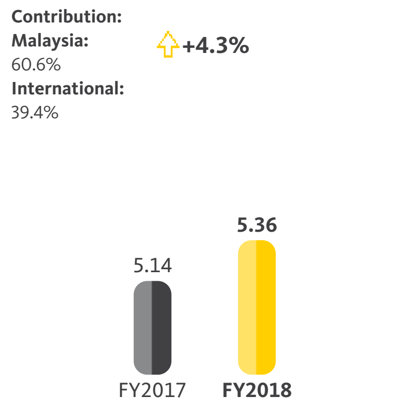
- Overall, the US and China trade war and rising interest rates in the US has resulted in sluggish external demand and tightening of financial markets in the region.
- **Singapore:** Sustained economic growth driven partly by modern services cluster while banking sector enjoyed NIM expansion as policy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

REGIONAL FINANCIAL PERFORMANCE FY2018

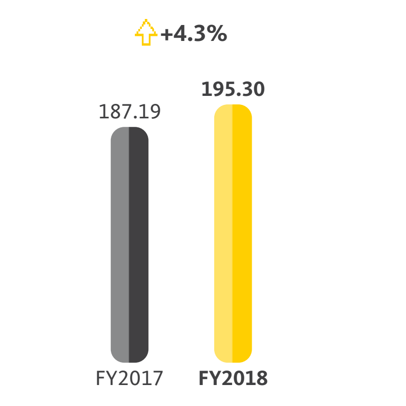
Net Operating Income (RM billion)



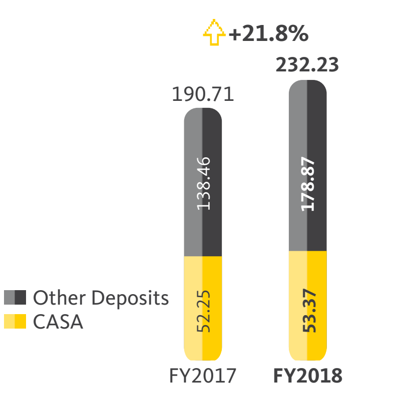
Profit Before Tax (RM billion)



Loans (RM billion)



Deposits (RM billion)



KEY PERFORMANCE HIGHLIGHTS

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

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

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

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

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

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

Group Insurance & Takaful

STRATEGIC OBJECTIVE

Etiqa aspires to be the Leading ASEAN Insurer as part of the Group's Maybank^{2020} strategic objectives. With a brand promise of "Humanising Insurance and Takaful", we aim to make buying insurance a "Fast and Easy" experience for our customers. We also aspire to become the leading bancassurance player in the region and have established a medium-term Return on Equity (ROE) target of at least 15%. Our key strategic pillars in 2018 were:

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

STAKEHOLDER EXPECTATIONS

Investors

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

Customers

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

Regulators

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

TOP ACHIEVEMENTS IN 2018

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

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

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

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

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

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

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
Opportunity: Low insurance penetration rate in certain ASEAN countries.	• Broaden our customer base, expand our revenue streams, and strengthen the Etiqa brand across ASEAN.		• Enhance our product range and offer more protection in line with customers' needs e.g. medical coverage, while giving customers added value through our services. • Focus on our international business through bancassurance and online channels.
Risk: Growing in an uncertain and challenging economic environment.	• Possible slowdown in private and public spending. • Possible changes in government policies.		• Ramped-up cross selling and deepen our share of wallet while maintaining strict cost management. As a result, our 2018 revenue (gross written premiums) grew by 16.6% YoY.
Opportunity & Risk: Proliferation of digital channels are changing the ways customers engage/ transact with the financial institutions.	• Opportunity to penetrate the digital-savvy customer segment. • Opportunity to leverage data analysis to improve cross selling, the upselling of profitable business lines and improve persistency (renewal of policies).		• Launched various digital initiatives from front to back-end processing in 2018 in the Malaysian and Singaporean operations, with the aim of giving our customers a **"FEBA"** (**F**ast Claims, **E**asy to deal with, **B**est **A**dvice) experience.

KEY FOCUS AREAS FOR 2018

Remain the preferred bancassurance partner

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

Revitalise the Life and Family takaful agency force

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

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

Creating awareness on the importance of insurance and takaful coverage

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

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

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

Digitalisation of Etiqa

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

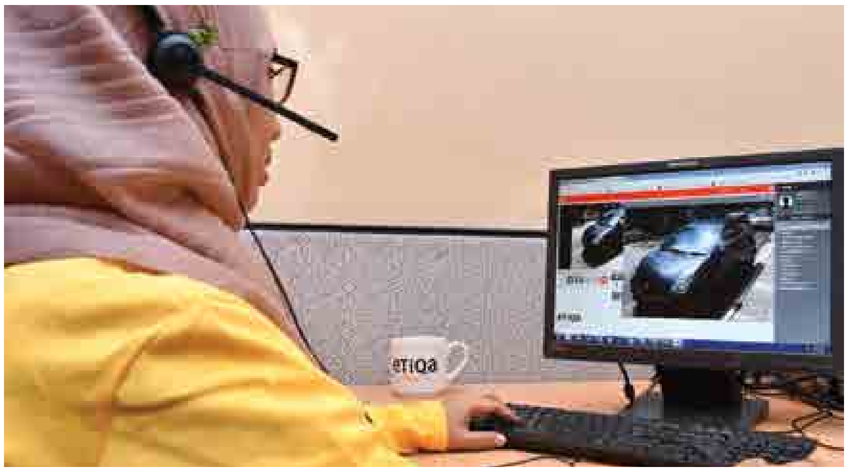
We also improved the stability of our e-channel distribution (i.e.: Direct Sales Portal (DSP)) and our corporate website to provide a better customer experience for everyone including the visually impaired community. This portal also offers road tax renewal and delivery for our motor insurance customers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

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

Improve operational efficiencies to be "Fast and Easy"

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

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



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

OUTLOOK & PRIORITIES FOR 2019

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

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

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

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

Priorities for 2019:
- To work towards maintaining Etiqa bancassurance as the preferred partner for banks.
- Improving Family Takaful position in Malaysia by leveraging bancassurance and agency channels.
- To be among the Top 10 Life agency insurance players.
- Focus on serving Singapore's affluent segment by providing competitive products that meet their needs.
- Improve distribution through our e-channels and grow our revenue by improving our website as well as fast-tracking the use of technology in every aspect of our business.
- Better customer segmentation through data analytics to give a "Fast and Easy" experience to our customers and offer appropriate advice.

OUR OPERATING LANDSCAPE IN 2018

MALAYSIA

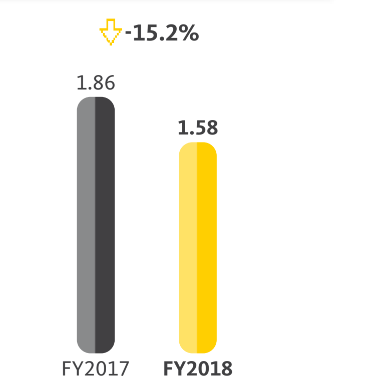
- Liberalisation of the general insurance industry has resulted in stiff competition and an ongoing price war in this industry which has affected profitability and compelled insurers to strengthen their business model.
- Volatility in financial markets on the back of global economic uncertainty has impacted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

INTERNATIONAL

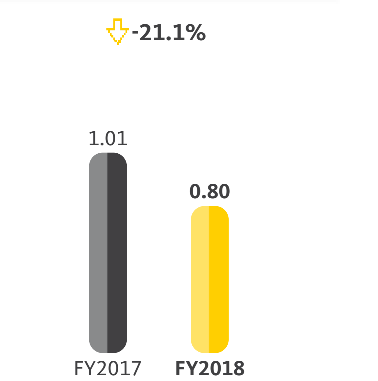
- Positive economic development in Indonesia and Singapore boosted growth in insurance premiums especially for property and engineering segments.

REGIONAL FINANCIAL PERFORMANCE FY2018

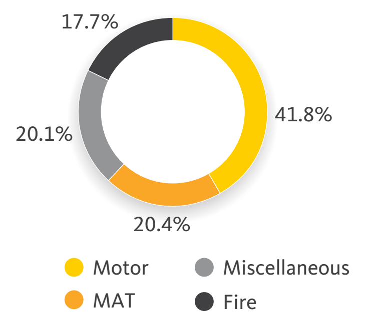
Net Operating Income* (RM billion)



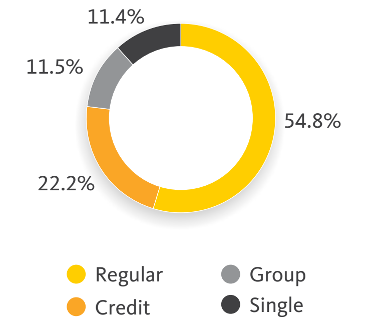
Profit Before Tax* (RM billion)



General Insurance Premiums/ General Takaful Contributions



Life Insurance Premiums/ Family Takaful Contributions



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

KEY PERFORMANCE HIGHLIGHTS

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

- Our combined gross premium/contribution recorded a growth of 16.6% YoY to RM7.22 billion in FY2018, on the back of strong growth in all business lines.
- Life Insurance & Family Takaful business registered a premium/contribution growth of 16.5% to RM4.34 billion contributed mainly by a strong growth in credit-related business and single premium products.
- General Insurance and Takaful premium/contribution business rose by 16.9% to RM2.87 billion supported by growth in all businesses.
- Despite strong gross premium growth, Group Insurance & Takaful's net operating income and PBT were affected by an adverse equity market for the year. This resulted in losses in our equity investments (both realised and unrealised), a marked contrast to the gains made in FY2017. To comply with MFRS 9, equity values are marked to current market value.
- Total assets increased by 4.7% to RM36.12 billion in 2018 from RM34.49 billion recorded in the previous year.
- Gross premium for conventional insurance grew by 19.7% YoY to RM4.34 billion and contributed 60.1% to Etiqa Group's total gross premium contributions. Gross contribution from Takaful grew by 12.3% YoY to RM2.88 billion in FY2018.

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

- Combined gross premium/contribution grew 11.3% to RM5.62 billion in FY2018 from RM5.05 billion a year earlier, supported by strong growth in credit, regular premium and motor insurance.
- The lower PBT in FY2018 was due to negative returns in the equity market. However, losses made by our equity investments were mitigated by a rise in MGS yield and a narrowing credit spread during the year.
- Etiqa General Takaful Berhad is still the top player in the General Takaful market with a market share of 52.5% in net written contribution. In the Family Takaful segment, Etiqa Family Takaful Berhad maintained its third ranking with a 17.5% market share in adjusted new contribution (Source: Insurance Services Malaysia's Statistics for 12 months ended 30 September 2018).
- Etiqa's growth of 10.2% in General Insurance and Takaful business exceeded the industry's 4.4% growth, mainly led by growth in Fire (17.4%) and Personal Accident (6.4%).
- New Business Value (Life Insurance and Family Takaful) recorded a strong increase of 53.6% YoY.

For international operations, PBT was slightly lower in FY2018:

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

Group Islamic Banking

STRATEGIC OBJECTIVE

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

STAKEHOLDER EXPECTATIONS

Customers

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

Investors

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

Employees

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

Communities

- Programmes that support financial inclusion and sustainable welfare.

Regulators

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

TOP ACHIEVEMENTS IN 2018

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

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

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

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

MATERIAL RISKS AND OPPORTUNITIES

Material Risks & Opportunities	How It Affects Us	Affected Stakeholders	Our Response
Opportunity: Push for sustainable financing and support for Value-based Intermediation (VBI) initiatives.	• Opportunity to further strengthen our Shariah banking practices towards our intended outcomes, which includes building trust, prevention and eradication of harm, and the creation of sustainable value.		• Developed the VBI framework and guidelines in collaboration with Bank Negara Malaysia and members of the VBI Community, comprising other Islamic banks. • Introduced HouzKEY, a rent-to-own scheme, and one of the first VBI products in the market. It is fully enabled (from application to approval) on our digital platform at www.maybank2own.com

KEY FOCUS AREAS FOR 2018

Address the need for home ownership

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

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

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

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

Further customer service enhancements

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

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

Fortify our thought leadership programmes

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

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

OUTLOOK & PRIORITIES FOR 2019

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

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

Priorities for 2019:
- To focus on high-quality assets and remain vigilant in identifying potential impairments from slowing global economic growth.
- To optimise funding costs and maintain a stable maturity profile by reducing dependency on short-term funding.
- To continue improving operational efficiencies by maintaining strict pricing and cost management discipline.
- To embark on targeted financing growth for higher-yielding assets to increase our margin and expand fee-based income.

OUR OPERATING LANDSCAPE IN 2018

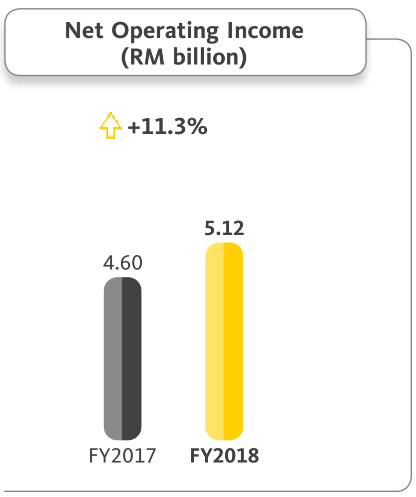
MALAYSIA

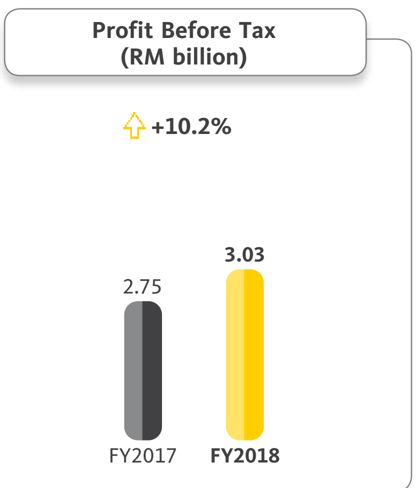
- Increased focus on sustainable practices by Islamic financial institutions, as the industry prepares for the implementation of VBI.
- Islamic financing is still expected to grow on the back of resilient domestic consumption despite a contraction in public investments.

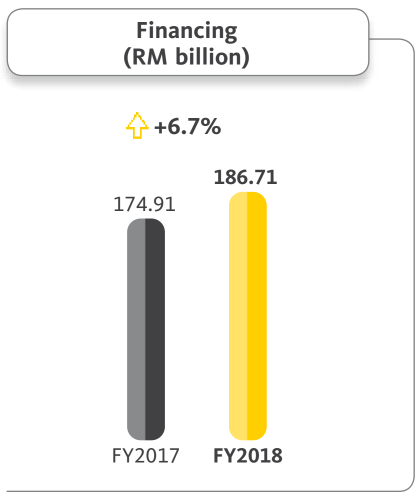
INTERNATIONAL

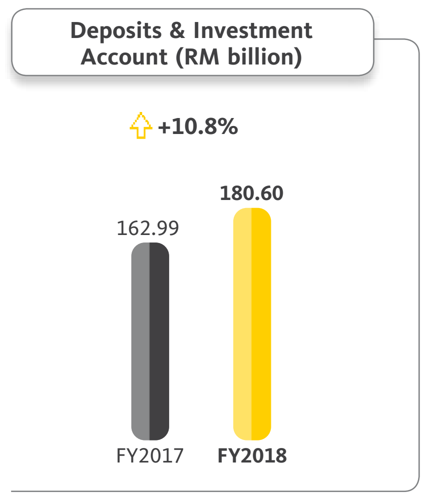
- Indonesia continues with regulatory initiatives to develop its Islamic Finance sector. Rapid FinTech growth also drives Islamic Finance growth in this country, particularly in regards to the promotion of financial inclusion and social welfare.
- The launch of a new Shariah-compliant index in Singapore,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

REGIONAL FINANCIAL PERFORMANCE FY2018









KEY PERFORMANCE HIGHLIGHTS

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

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

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

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

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

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