

CORPORATE GOVERNANCE STATEMENT OF MAYBANK IB

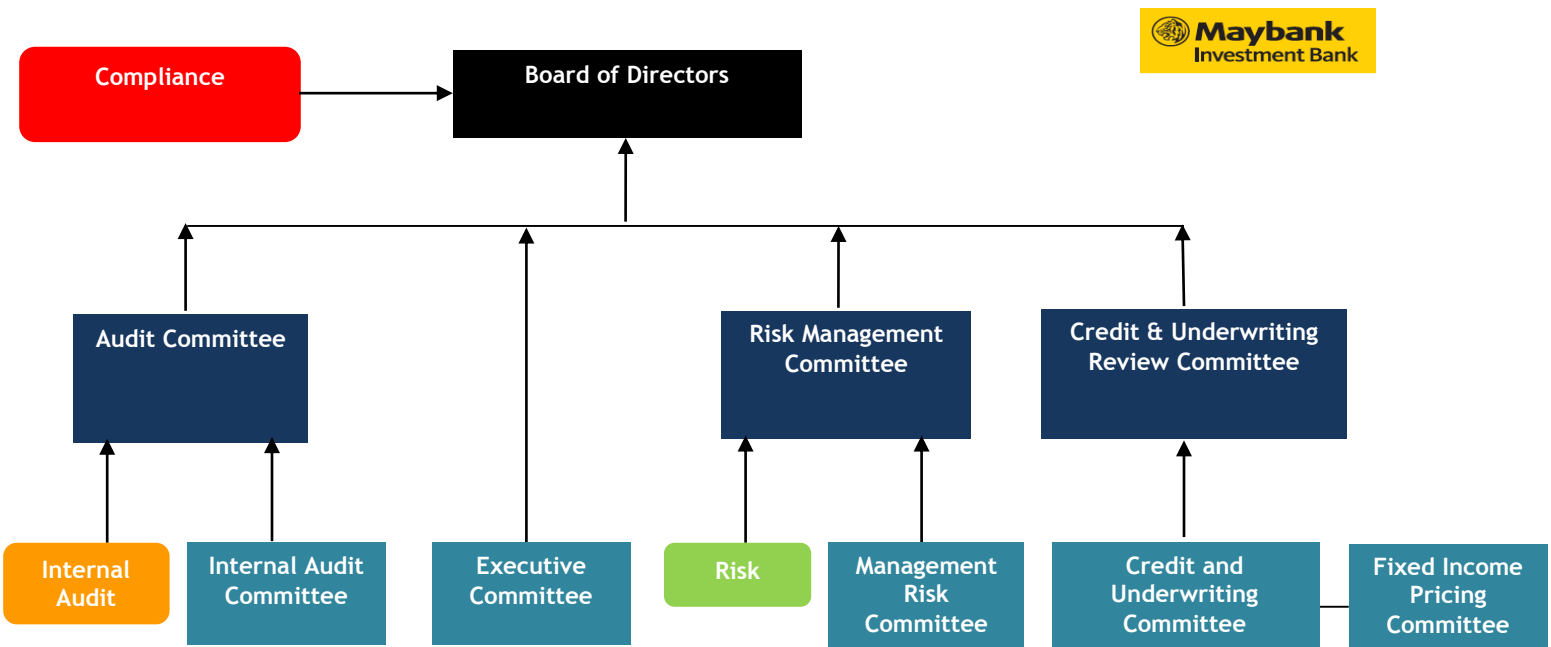
INTRODUCTION

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

This Corporate Governance Statement seeks to provide vital insights into the corporate governance practices of Maybank IB.

CORPORATE GOVERNANCE FRAMEWORK

Fundamental to the Board’s success in instilling good corporate governance practices within Maybank IB is the Corporate Governance Framework that has been adopted by Maybank IB, as illustrated below:



Maybank IB has been exempted by BNM from complying with the requirement to establish a Nomination and Remuneration Committee (“NRC”) as the functions of the committee for Maybank IB are assumed by Maybank Group’s NRC.

INFORMATION OF THE BOARD

Composition of the Board

The Board of Maybank IB currently comprises seven (7) directors. There are five (5) Independent Non-Executive Directors (“INEDs”) and two (2) Non-Independent Directors. The current composition of the Board complies with the BNM’s Policy on Corporate Governance which provides that the Board must have a majority of Independent Directors at all times.

The members of the Board are as follows:

Chairman

Datuk Mohaiyani Shamsudin

- *Non-Independent Non-Executive Director*

Members

Dato’ Muzaffar Hisham

- *Non-Independent Executive Director*

Mr. Hans Johan Patrik Sandin

- *Independent Non-Executive Director*

Mr. Goh Ching Yin

- *Independent Non-Executive Director*

Dato’ Abdul Hamid Sh. Mohamed

- *Independent Non-Executive Director*

Dato’ Sri Sharifah Sofianny Binti Syed Hussain

- *Independent Non-Executive Director*

Che Zakiah Binti Che Din

- *Independent Non-Executive Director*

Company Secretary

Ms. Edleen Rehanie Ariffin

Profile of Directors

The directors bring to the Board a wealth of experience and skills in the aspects of accountancy, business, finance and risk management, among others. The profile of each member of the Board is presented below.

Datuk Mohaiyani Shamsudin

- Non-Independent Non-Executive Director (Chairman)

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

Datuk Mohaiyani was appointed the Chairman of Maybank Investment Bank on 1 March 2016. Prior to her appointment as Chairman, she served as Independent Non-Executive Director of Maybank Investment Bank since August 2011.

She was with Amanah Chase Merchant Bank Berhad and Seagroatt & Campbell before starting her own stockbroking company, Mohaiyani Securities Sdn Bhd in 1985. During her active involvement in the stockbroking industry, she was appointed as Deputy Chairman of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) and Chairman of Association of Stockbroking Companies Malaysia. She had also served as a member of several high level national working groups such as National Economic Action Council (NEAC), National Economic Consultative Council II (MAPENII), National Information Technology Council (NITC), Ministry of Finance High Level Finance Committee for Corporate Governance, National Advisory Council for Women and the Ministry of Women, Family and Community Development.

Her current directorship in companies within the Maybank Group include as Chairman of Maybank, Maybank Foundation and Maybank Kim Eng Holdings Limited. At present, she serves as a Director of the Capital Market Development Fund and sits as a Board member of Universiti Teknologi Mara. She is also a member and trustee of the National Heart Institute (IJN) Foundation, Perdana Leadership Foundation and National Council of Woman's Organisation Malaysia (NCWO).

Dato' Muzaffar Hisham

- Non-Independent Executive Director

- 47 years of age - Malaysian
- Bachelor of Science (Hons) in Economics and Accounting, University of Bristol, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers

Dato' Muzaffar was appointed as a Non-Independent Executive Director of Maybank Investment Bank on 3 August 2017. He serves as a member of Credit & Underwriting Review Committee of the Board.

He first joined the Maybank Group as CEO of Maybank Islamic Berhad in 2011. Dato' Muzaffar was the Group Head, Islamic Banking of the Maybank Group and Chief Executive Officer of Maybank Islamic Berhad before his appointment as Group Head, Global Banking of Maybank Group in 2016.

Prior to joining Maybank, he has over 20 years of experience in financial services and investment banking including Islamic banking with Asian International Merchant Bankers Berhad (now known as Public Merchant Bank Berhad), Amanah Merchant Bank Berhad (now known as Alliance Merchant Bank Berhad), Malaysia Discounts Berhad, Amanah Short Deposits Berhad, Commerce International Merchant Bankers Berhad, HSBC Bank Malaysia Berhad and CIMB Islamic Bank Berhad.

Dato' Muzaffar's current directorships in companies within the Maybank Group include as director of Maybank Asset Management Group Berhad, Maybank Kim Eng Holdings Limited and Anfaal Capital. Dato' Muzaffar is also a member of the International Centre for Education in Islamic Finance's (INCEIF) Professional Development Panel.

Mr. Hans Johan Patrik Sandin

-Independent Non-Executive Director

- 54 years of age - Swedish
- Master of Philosophy (Economics) from University of Cambridge
- Bachelor's Degrees in Economics and Finance from University of Cape Town

Mr. Sandin was appointed as an Independent Non-Executive Director of Maybank Investment Bank on 20 May 2015. He serves as Chairman of the Risk Management Committee of the Board and member of the Audit Committee of the Board as well as the Credit & Underwriting Review Committee of the Board.

Mr. Sandin has twenty three years of working experience in international financial markets, a strong expertise in derivatives, coupled with a good knowledge of the evolving market infrastructure and regulations. Mr. Sandin started his banking career in 1991 at Union Bank of Switzerland, Zurich. In 1993 he moved to Singapore where he served in various roles, focusing on Asian emerging market debts, equity and derivatives products. Mr. Sandin then joined BNP Paribas, specializing in the fixed income division and hedging advisory, investment banking. He retired in 2014.

Mr. Sandin's other directorship in company within the Maybank Group include as Director of Maybank Kim Eng Securities (Thailand) Public Company Limited, Maybank Kim Eng Holdings Limited and Kim Eng Securities (Hong Kong) Limited.

Mr. Goh Ching Yin

-Independent Non-Executive Director

- 63 years of age - Malaysian
- Master of Business Administration, Cranfield University, United Kingdom

Mr. Goh was appointed as an Independent Non-Executive Director of Maybank Investment Bank on 25 July 2016. He serves as Chairman of the Credit & Underwriting Review Committee of the Board and as a member of the Risk Management Committee of the Board.

Mr. Goh held various leadership and management positions in capital market strategy and regulation, investment banking, regional business development, strategic consultancy, corporate recovery and insolvency, and auditing. He started his professional career with Messrs. Peat Marwick Mitchell (now known as KPMG), and then moved on to consultancy at Price Waterhouse Associates. He later delved into the investment banking industry when he was with RHB Sakura Merchant Bankers Berhad as a General Manager for Corporate Finance. Subsequently, he assumed the roles as the Managing Director of Corporate Finance with the BNP Paribas Group in Malaysia and the Chief Executive Officer of Southern Investment Bank of the Southern Bank Group. He then held positions as Executive Director in the Chairman's Office, Strategy and Development and Market Oversight Divisions during his stint with the Securities Commission of Malaysia. He was also a Board member of the Audit Oversight Board as well as a member of the National Cyber Security Advisory Committee, Ministry of Science, Technology and Innovation Malaysia and a member of the Intellectual Capital Development Committee, Innovation Agency Malaysia.

His current directorships in companies within the Maybank Group include as Chairman of Maybank Private Equity Sdn. Bhd, director of Maybank Asset Management Group Berhad, Maybank Asset Management Sdn Bhd and Maybank Kim Eng Holdings Limited. His directorships in other companies include Khazanah Nasional Berhad, Allianz General Insurance Company (Malaysia) Berhad, Allianz Life Insurance Malaysia Berhad and Shangri-La Hotels (M) Berhad.

He is also a member of the Disciplinary Panel of the Asian Institute of Chartered Bankers (formerly known as Institut Bank-Bank Malaysia) and member of the Board of Trustees of the Capital Market Development Fund.

Dato' Sri Sharifah Sofianny Binti Syed Hussain

-Independent Non-Executive Director

- 58 years of age - Malaysian
- Bachelor of Science in Accountancy, University of Missouri, USA

Dato' Sri Sharifah Sofianny was appointed as an Independent Non-Executive Director of Maybank Investment Bank on 4 December 2017. She serves as member of the Audit Committee, the Risk Management Committee and the Credit and Underwriting Review Committee of the Board.

Dato' Sri Sharifah Sofianny was formerly Managing Director, Head of Institutional Equities at Maybank Investment Bank in 2011 prior to holding the post of Managing Director of Client Coverage (Public) at Maybank Global Banking in 2014, before leaving the Maybank Group in 2015. During her tenure in Maybank, she spearheaded numerous restructuring initiatives leading to many major accounts being successfully elevated to top-tier positions which saw Maybank receive various prestigious awards. Dato' Sri Sharifah Sofianny has 18 years of experience holding various leadership roles in stockbroking and wholesale banking business. She started her career with Shell Malaysia and left after 11 years to begin a career in stockbroking at K&N Kenanga Berhad and JF Apex Securities before eventually joining Maybank.

Dato' Sri Sharifah Sofianny's directorship within the Maybank Group include as a Director of Maybank ATR Kim Eng Capital Partners Inc. and Maybank Kim Eng Holdings Limited. She is currently a director on the boards of Abode Caldecott Square Development Limited, Caldecott Square Rugby Limited, Abode Senior Living Limited and Andaman Capital Investment Limited.

She is also Chairman of the Industry Advisory Panel for Bachelor of Finance at University Tenaga Nasional (UNITEN).

Dato' Abdul Hamid Sh. Mohamed

-Independent Non-Executive Director

- 55 years of age - Malaysian
- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom

Dato' Abdul Hamid was appointed as an Independent Non-Executive Director of Maybank Investment Bank on 26 October 2017. He serves as Chairman of the Audit Committee and member of the Credit and Underwriting Review Committee of the Board.

Dato' Abdul Hamid first started his career in the accounting firm, Messrs. Lim Ali & Co/Arthur Young (now known as Messrs. Ernst & Young) before joining Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad) and Amanah Capital Malaysia Berhad. Dato' Abdul Hamid subsequently joined the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia), where he held various key roles including Chief Financial Officer. During his 5 year tenure there, he had led KLSE's acquisitions of the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) and the Commodity and Monetary Exchange of Malaysia (COMMEX), and their merger to form the Malaysia Derivatives Exchange (MDEX). Dato' Abdul Hamid had also led the acquisition of the Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ), as well as the KLSE's demutualisation exercise.

Dato' Abdul Hamid's directorship in companies within the Maybank Group include Maybank Kim Eng Holdings Limited and as a Commissioner of PT Maybank Kim Eng Sekuritas. Dato' Abdul Hamid is a director of MMC Corporation Berhad and entities within the Symphony Group of Companies.

Ms. Che Zakiah Che Din

-Independent Non-Executive Director

- 61 years of age - Malaysian
- Bachelor Degree in Economics from University of Malaya

Ms. Che Zakiah was appointed as an Independent Non-Executive Director of Maybank Investment Bank on 26 October 2018. She serves as member of the Audit Committee of the Board.

Ms. Che Zakiah has more than 30 years of banking experience working with Bank Negara Malaysia (“BNM”) holding various positions mainly in areas of banking supervision, regulations and enforcement. She was the Director of Financial Conglomerates Supervision Department prior to her retirement on 1 May 2017. In her role as Director of Financial Conglomerates Supervision, she oversaw the implementation of prudential supervision on 8 domestic banking group on consolidated basis.

Ms. Che Zakiah’s directorships in companies within the Maybank Group include as a Director of Maybank, Maybank Kim Eng Holdings Limited and Maybank Kim Eng Securities Limited (Vietnam). She is also a Public Interest Director of the Federation of Investment Managers Malaysia and a Member of the Investment Panel of Lembaga Tabung Angkatan Tentera (“LTAT”).

None of the Directors has family relations with any director and/or major shareholder of Maybank or conflict of interest with Maybank IB. None of the Directors of Maybank IB hold shares in Maybank IB.

Memorandum and Articles of Association (“M&A”)

The M&A of Maybank IB has been adopted as the Constitution of the Company within the meaning of the new Companies Act, 2016.

The M&A of Maybank IB regulates the manner in which Maybank IB is governed. While the Memorandum of Association sets out the powers and objects of Maybank IB being the fundamental conditions upon which Maybank IB is allowed to operate, the Articles of Association sets out the duties, obligations and powers of the Directors as well as the rights of shareholders.

Board Charter

In line with BNM’s Policy on Corporate Governance, the Board has adopted a Board Charter which outlines among others, the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of Maybank IB. The Board Charter also includes the division of responsibilities and powers between the board and management, and between the Chairman and the Chief Executive Officer.

Click [here](#) for the Board Charter.

Board Manual

Besides the Board Charter, the Board has in place a Board Manual, which acts as guidance for the Board members in discharging their duties effectively. The Board Manual highlights the guiding principles and matters relating to Board organisation, responsibilities, and relevant internal policies and procedures which are applicable to the Board, including those mentioned in the Board Charter.

Roles and Responsibilities of the Board

The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of Maybank IB, premised on sustainability and promoting ethical conduct in business dealings, understanding the major risks faced by Maybank IB, setting acceptable levels of risk taking and ensuring that the Senior Management takes the steps necessary to identify, measure, monitor and control these risks.

The Board also approves the organizational structure of Maybank IB and ensures that Senior Management is monitoring the effectiveness of the internal control system. The primary obligations of the Board are as follows:-

- (a) To review and approve strategies, business plans and significant policies and monitor Management's performance in implementing them.
- (b) To review and approve the annual budget.
- (c) To approve new investments, divestments, mergers and acquisitions, including the establishment of subsidiaries, joint ventures or strategic alliances.
- (d) To approve credit facilities and underwriting of securities under the category of policy loans (other than those delegated to the Credit Underwriting Review Committee (CURC)) as well as director-related facilities.
- (e) To set corporate values and clear lines of responsibilities and accountability that are communicated throughout the organization.
- (f) To obtain external legal or other independent professional advice with relevant experience and expertise if considered necessary.
- (g) To approve comprehensive policies, processes and infrastructure with respect to the management of all risk categories (including but not limited to credit, market, and liquidity, operational, legal, information technology and reputational risks).
- (h) To review and ensure the adequacy and integrity of the Company's internal control system and management information system, including systems for compliance with applicable laws, regulations, rules and guidelines.
- (i) To approve and periodically review the risk management capabilities of the Company to ensure that they are able to support the business expansion.
- (j) To approve policies on credit, margin-trading facility, trading limit, underwriting and investment in securities (both equities and fixed income).
- (k) To oversee the conduct of the Bank's business, to evaluate whether the business is effectively managed and to ensure that the operations of the business are conducted within the framework as required by relevant laws and policies.
- (l) To consider and approve the financial statements and interim dividend and to recommend the final dividend to shareholders.
- (m) To promote Shariah Compliance in respect of the Islamic business of Maybank IB, including to perform oversight role over the effectiveness functioning of Maybank IB's Shariah governance framework.
- (n) To ensure that the required Anti Money Laundering/Counter Financing of Terrorism ("AML/CFT") measures are in place and to set minimum standards and approve the AML/CFT policies, procedures and controls.
- (o) To regularly review and assess the measures adopted and implemented for AML/CFT and ensure regular independent audit of the internal AML/CFT measures to determine their effectiveness and compliance with AMLA.

- (p) To approve the recruitment, appointment, promotion, confirmation and termination of services, as well as the remuneration package, the compensation and benefits policies, the terms and conditions, including the job grade and the review of the CEO and Senior Officers of Maybank IB. The proposed appointment of Senior Officers would be recommended by the CEO, Maybank IB.
- (q) To approve the compensation package and human resource policies pertaining to Management and staff of Maybank IB.
- (r) To approve changes to the corporate organization structure of Maybank IB.
- (s) To approve the succession planning policy and continuously monitor Senior Officers' performance.
- (t) To ensure that there is a reliable and transparent financial reporting process within Maybank IB.
- (u) To establish an effective internal audit department, staffed with qualified internal audit personnel to perform internal audit functions, covering the financial and management audit.

Role and Responsibilities of the Chairman and the Chief Executive Officer

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

Chairman

The Chairman leads the Board and is also responsible for the effective performance of the Board. She continuously works together with the rest of the Board in ensuring the Group's policy framework and strategies are aligned with the business activities driven by the Management and is consistent with Maybank IB's objectives and aspirations. The Chairman ensures the proceedings of the Board are conducted in an orderly manner, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of scepticism and independence. She also takes the lead to ensure that the succession planning programme for the Board and senior management are at the appropriate level of effectiveness. The Chairman also cultivates a healthy working relationship with the CEO and provides the necessary support and advice as appropriate. She continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders.

As ever, the Chairman will always try to ensure that the Board's decisions are reached by consensus. Failing this, the decisions will reflect the will of the majority and any concern or dissenting view expressed by any Directors on any matters deliberated at meetings of the Board, or any of its Committees, as well as the meetings' decisions, will accordingly be addressed and duly recorded in the relevant minutes of the meeting.

Chief Executive Officer ("CEO")

Fad'l Bin Mohamed (Fad'l Mohamed) was appointed as CEO of Maybank IB on 1 October 2018.

Fad'l Mohamed has been delegated certain responsibilities by the Board in his capacity as CEO, Maybank IB and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of Maybank IB's business.

He is responsible for spearheading Maybank IB's business with broad guidance and direction from the Maybank Group as well as the Maybank IB Board of Directors. He ensures that the long-term goals and aspirations of the investment banking business are in line with Global Banking and Maybank Group's strategies and goals, lead the formulation of strategies and plans (short, medium and long term) to achieve the goals of the investment banking business, including product strategies, customer strategies, branding strategies, and the identification of new markets and business opportunities and evaluation of opportunities for organic and inorganic growth and partnerships.

The CEO leads, guides and advises the senior management team to achieve timely and effective execution of strategies, plans and initiatives (including post-merger integration), and reports the performance of the investment banking business to the Maybank IB Board of Directors as well as the Maybank Group EXCO and Maybank Board of Directors. He ensures that systems, procedures and controls are in place to ensure that the business is in compliance with all relevant laws and regulations at all times, and to ensure that risks are identified, monitored and appropriately managed.

His other responsibilities include ensuring that whilst the ultimate objective is maximising shareholders' return, the social and environmental factors are not being neglected, and also developing and maintaining strong communication programmes and dialogues with all relevant stakeholders of the Bank, and providing the effective leadership to the organisation.

He is also responsible for ensuring management competency including the emplacement of an effective succession plan to sustain continuity.

The CEO, by virtue of his position, also functions as the intermediary between the Board and senior management.

Independent Directors

With more than half of its members comprising INEDs, the Board has a strong degree of independence. The Maybank Group has established a Directors' Independence Policy which sets out Maybank Group's approach in determining directors' independence (Independence Policy). The Independence Policy provides a guideline for the Board to assess the independence of each INED. Consistent with the Independence Policy and the recommendations of the Malaysian Code on Corporate Governance issued in 2017 (the Code), the Board via the NRC, assesses the independence of INEDs upon their appointment, re-appointment and annually.

Pursuant to the recommendation of the NRC based on the assessment undertaken for FY2019, the Board is satisfied that all the INEDs of the Board have met the independence criteria set out under the BNM CG Policy and Independence Policy.

Tenure of Independent Non-Executive Directors

In line with BNM's Corporate Governance Policy, the tenure of service for INEDs has been capped at the maximum period of nine (9) years whereby upon the completion of such tenure, an INED may continue to serve on the Board subject to his re-designation as a Non-Independent Non-Executive Director, taking into account NRC's recommendation and BNM's approval.

Currently, none of the Independent Non-Executive Directors has reached the 9-year term in Maybank IB. The Board will continue to monitor the tenure of each independent Director as part of succession planning.

Independence Assessment

The NRC determines the ability of the INEDs to continue bringing independent and objective judgment to the board deliberations. Additionally, the NRC considers if there is any ground or reason that have come to their attention that may affect the independence status of Independent Directors.

To assist the NRC in evaluating the independence of directors, Maybank Group had established a Directors' Independence Policy ("Independence Policy") which sets out the approach in determining directors' independence. The Independence Policy provides a guideline for the Board in the assessment of independence of each INED. Consistent with the Independence Policy, the Board via the NRC assesses the independence of INEDs prior to their appointment and re-appointment as part of the annual Fit and Proper Assessment exercise.

Pursuant to the recommendation of the NRC and based on the assessment undertaken for FY2019, the Board is satisfied that all the INEDs of the Maybank IB Board have met the independence criteria set out under BNM's Policy on Corporate Governance and Maybank Group's Independence Policy.

Senior Independent Director

Further to the clear separation of the role and duties between the Chairman and the CEO, a Senior Independent Director ("SID") is appointed from amongst the INEDs, to whom concerns of shareholders and stakeholders may be conveyed.

The SID may also:-

- (i) Preside at all meetings of the Board at which the Chairman or Vice-Chairman (if the SID is not the Vice Chairman) is not present;
- (ii) Serve as a liaison between the Chairman and the Independent Directors; and
- (iii) Have authority to call for meetings of the Independent Directors.

In this respect, Maybank IB Board had appointed Mr. Goh Ching Yin as Senior Independent Director of Maybank IB.

BOARD APPOINTMENTS

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

Fit and Proper Assessment

Besides the assessment on independence, the Directors also undergo a fit and proper assessment upon their appointment, re-appointment or annually. The assessment is undertaken in accordance with the Maybank Group's Fit and Proper Policy which has been in force since August 2006.

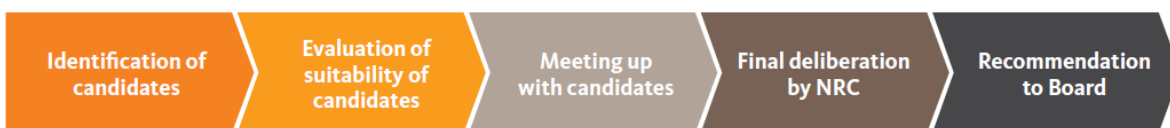
The Fit and Proper Policy, which sets out the attributes and qualifications required of a candidate to determine his/her suitability, include amongst others, requirements in respect of his/her management and leadership experience, which has to be at the most senior level in a reputable local or international financial services group, public corporation or professional firm/body. In relation to the candidate's skills, expertise and background, the candidate should ideally and to the extent available, possess a diverse range of skills, including in particular, business, legal and financial expertise, professional knowledge and financial industry experience, as well as experience in regional and international markets. The Fit and Proper Policy also assists in identifying the gaps in skills in the composition of the Board.

The following aspects would be considered by the Board in making the selection, with the assistance of the NRC:

1. Probity, personal integrity and reputation – the person must have key qualities such as honesty, integrity, diligence, independence of mind and fairness.
2. Competency and capability – the person must have the necessary skills, ability and commitment to carry out the role.
3. Financial integrity – the person must manage his debts or financial affairs prudently.

Nomination and Appointment Process

The Maybank Group Policy on the Nomination Process for appointment of Chairman, Director and CEO of Maybank Group (Policy on Nomination Process) sets out a clear and transparent nomination process of the same, which involves the following five stages:



Upon approval being obtained from the Board, an application for the appointment of the shortlisted candidates will be submitted to BNM for the requisite approval as required under the FSA.

The appointment process for Executive Directors is similarly robust, in order to ensure that the best person is selected for the top executive position in the interest of the Group. The process includes the identification of potential candidates (both internal as well as external) by a special committee of the Board, governed by the expectation of the roles and capabilities described and required by the Board. This process includes interviews, which are subsequently followed by a submission to the NRC for deliberation and thereafter the final recommendation to the Board for endorsement, and ultimately submission to BNM for approval.

Maybank IB also conducts annual assessments on the suitability of the Directors to continuously occupy their strategic leadership position subsequent to the appointment process, in accordance with the Maybank Group's Fit and Proper Policy and in line with BNM Guidelines on Fit and Proper Criteria. The fit and proper assessment involves self-declaration by the Directors as well as independent checks on their business interests in compliance with section 59 of FSA and BNM's Policy on Corporate Governance to ensure the suitability of the Directors to continue to serve as directors of Maybank IB.

SUCCESSION PLAN

Succession planning is an integral part of the Board's corporate governance practices as the Board believes that the membership and composition of the Board should be reassessed from time to time. This is to ensure continuity towards meeting the Group's long term goals and objectives.

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

Tenure of Directorships

The appointment of Non-Executive Directors on the Board, as well as their tenure as a director, is subject to the approval of BNM (BNM Approved Tenure). Prior to the expiry of the BNM Approved Tenure, Maybank IB may apply to BNM for an extension of the same if, pursuant to an assessment, the Board is satisfied with the performance and contribution of the said Non-Executive Director.

Directors' Retirement, Re-Election and Re-Appointment

All directors of Maybank IB are subject to re-election by the shareholders at the first opportunity after their appointment in accordance with Article 81(a) of Maybank IB's Articles of Association and are subject to retirement by rotation at least once every three years in accordance with Article 75 of Maybank IB's Articles of Association.

The Board's support for a Director's re-election is not automatic and is subject to satisfactory assessment of performance. The NRC will first assess the Directors who are due for re-election at the AGM and will then submit its recommendation to the Board for deliberation and approval. Upon obtaining the Board's endorsement, the relevant submission including the justifications for such re-appointment is thereafter made to BNM for approval if the relevant Director's BNM's term of appointment is expiring.

BOARD PROCESSES

Board Effectiveness

The Board conducts annual evaluation of the Board, its committees and each individual Director from time to time. The BEE for FY2019 was conducted internally, with the assistance of the Corporate Secretarial team. The Board will upon NRC's advice, decide whether the assistance of external experts may be required in the future to undertake this exercise.

The scope of the assessment comprised the following;

- (a) Board Effectiveness Evaluation ("BEE") which covered the following aspects:-
 - (i) Board Process (including how the board deliberates on strategy, succession, risk review and other key responsibilities);
 - (ii) For Board Committees, to include the interface between the Board Committees and the Board, as a whole;
 - (iii) Board composition and remuneration; and
 - (iv) Interaction and communication with the management; and
- (b) Individual Director Evaluation which covered the following areas-
 - (i) The strengths and contributions of each individual Director; and
 - (ii) The specific areas in which each Director may further enhance his/her performance and contribution.

The overall result of the evaluation was tabled to the Board and the NRC and the individual results/feedback were provided to each Director for their information and records.

Pursuant to the BEE, all Board members had provided feedback not only on the areas of assessment but also on areas that the Board could improve on moving forward. These areas have been incorporated in the Board's Actionable Improvement Plan ("AIP") to be addressed throughout 2020. The Board has suggested the following areas for discussion for 2020:

- Environmental, Social and Growth;
- Succession Planning/Talent Management & Human Capital Development;
- Retail Strategy in Malaysia - Transformation;
- Forward Strategy; and
- Managing risk vis-à-vis the expected challenging operating environment for year 2020.

The topics identified to address the training needs of Directors are in the following areas:

- Environment, Social and Growth;
- Derivatives and Structured Products;
- Strategic Direction;
- Corporate Communication;
- Knowledge in Shariah and Islamic Finance; and
- Board's role in Handling Organisational Crisis.

Board Meetings

The Board meets on monthly basis, and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on ad hoc basis to consider urgent matters. All the Directors had exceeded the 75% meeting attendance requirement in accordance with BNM's Policy on Corporate Governance.

Details of attendance of each Director on the Board and respective Board Committees of Maybank IB during the financial year ended 31 December 2019 are highlighted in the table below:

Name of Director	Board		Credit Underwriting Review Committee (CURC)		Audit Committee of the Board (ACB)		Risk Management Committee of the Board (RMC)	
	Attended	%	Attended	%	Attended	%	Attended	%
Datuk Mohaiyani Shamsudin	12/14	86	n/a	n/a	n/a	n/a	n/a	n/a
Dato' Muzaffar Hisham	13/14	93	10/14	71	n/a	n/a	n/a	n/a
Mr. Hans Johan Patrik Sandin	14/14	100	14/14	100	8/8	100	6/6	100
Mr. Goh Ching Yin	14/14	100	14/14	100	n/a	n/a	6/6	100
Dato' Abdul Hamid Sh. Mohamed	14/14	100	14/14	100	8/8	100	n/a	n/a

Dato' Sri Sharifah Sofianny Binti Syed Hussain	14/14	100	14/14	100	8/8	100	6/6	100
Che Zakiah Che Din	14/14	100	n/a	n/a	8/8	100	n/a	n/a

n/a - Not Applicable

Meeting Process

Prior to each Board meeting, an agenda together with comprehensive reports for each agenda item to be discussed, will be forwarded to each director at least five (5) clear days before the scheduled meeting to enable the directors to obtain further clarification or explanation, where necessary. However, papers that are deemed urgent may still be submitted to the Company Secretary after the expiry of such deadline of papers submission to be tabled to the Board, subject to the approval of the Chairman of the Board and CEO of Maybank IB. These materials are disseminated in a paperless manner via the “BoardPAC”, an iPad-based solution which stores meeting documents digitally in a secured manner.

Feedback is obtained from directors on the quality and quantity of meeting papers as part of the annual assessment of the Board’s current meeting practices. The current format and structure of the Board meeting papers are designed to ensure the papers contain sufficient and relevant information pertaining to the business, operations and management of Maybank IB in a clear and concise manner to enable the directors to effectively discharge their duties.

At Board meetings, presentations and briefings by external consultants or advisors on relevant papers, particularly those involving complex issues are also held to assist directors to deliberate and decide on such matters. The Board also monitors the status and follow-up actions on issues raised at Board meetings via Matters Arising which is a fixed item in the meeting agenda. Draft minutes of each Board meeting are also circulated to all directors in advance for their perusal prior to tabling the said minutes for confirmation of the minutes at the subsequent Board meeting.

In accordance with the expectations of BNM and the continuous practice of the Maybank Group, the Maybank IB’s minutes of meeting of the Board and various Board Committees incorporate the discussions of the members at the meetings in arriving at decisions and are concise and accurate.

The Company Secretary also ensures that a quorum is present at the commencement of each Board and Committees meeting in order to constitute a valid meeting.

Directors' Remuneration

The NRC is further authorised to develop and implement formal and transparent procedures for the development of Group's remuneration policy for its directors by ensuring that their compensation is competitive and consistent with industry standards.

The NRC has established a remuneration framework for the Non-Executive Directors ("NED Remuneration Framework") which is subject to periodic review, Details of the NED Remuneration Framework for FY2019 are illustrated as follows:

Non-Executive Director Remuneration Framework per annum (RM)		
Fee Component	Chairman	Member
Board Fee	230,000	150,000
Board Committees Fee	32,500	28,000

Based on the framework set out above, details of the total remuneration of the Directors (distinguished between Executive and Non-Executive Directors), in aggregate with categorisation into appropriate components for the financial year ended 31 December 2019 is as follows:

	Directors' Fees (RM)	Other Emolument [#] (RM)	Benefits-in-kind* (RM)	Total (RM)
Executive Director				
Dato' Muzaffar Hisham ¹	178,000	48,000		226,000
Non-Executive Directors				
Datuk Mohaiyani Shamsudin (Chairman)	230,000	26,000		256,000
Mr. Hans Johan Patrik Sandin	238,500	86,000	4,113	328,613
Mr. Goh Ching Yin	210,500	70,000	1,113	281,613
Dato' Abdul Hamid Sh. Mohamed	210,500	74,000	1,113	285,613
Dato' Sri Sharifah Sofianny Binti Syed Hussain	234,000	86,000	1,113	321,113
Che Zakiah Che Din	178,000	46,000		224,000
GRAND TOTAL	1,479,500	436,000	7,452	1,922,952

Other Emolument refers to meeting allowances.

* Benefits in-kind for Non-Executive Directors include annual gift, farewell gift and insurance premium for Group Term Life and Group Personal Accident

Notes:

¹. Dato' Muzaffar Hisham is the Group Head, Global Banking at Maybank Group.

REMUNERATION

In line with Maybank Group, Maybank IB's remuneration and rewards philosophy anchored on its values as well as its strategic direction and purpose underpins its commitment to deliver excellent performance and long-term sustainable returns for its stakeholders. Maybank IB embraces a Total Rewards system, a well-rounded approach with the right reward elements to drive positive outcomes and business performance. It is an integrated rewards strategy that focuses on the right remuneration, benefits, well-being preservation, skills and capabilities development to support its employees in achieving their personal and professional aspirations. The Total Rewards' key elements that enable the Group's strategy, Group Human Capital's strategy and business plan are all critical to sustain employee engagement levels, productivity and business growth.

Maybank IB's remuneration policies and practices are governed by sound principles which comply with regulatory requirements. It is monitored and reviewed periodically to align with regulatory requirements as well as to reinforce a high performance culture that attracts, motivates and retains talents through market competitiveness and responsible values.

Components of Remuneration

Maybank IB rewards' principles are delivered holistically via the Group's Total Rewards Framework which includes components of Total Compensation, benefits, well-being and development.

1. Total Compensation:

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

Fixed Pay	Variable Pay	
	Variable Bonus	Long Term Incentive Award
<ul style="list-style-type: none"> • Attract and retain talent by providing competitive and equitable level of pay. • Reviewed annually through benchmarking externally against relevant peers and locations and internally aligned with consideration of market dynamics, differences in individual responsibilities, performance, achievements, skillset, as well as competency level. 	<ul style="list-style-type: none"> • Reinforce a pay-for-performance culture and adherence to the Maybank Group’s T.I.G.E.R. Core Values. • Variable cash award design that is aligned with the long-term performance goals of the Group through its deferral and clawback policies. • Based on overall Group Performance, Business/Corporate Function and individual performance. • Performance is measured via the Balanced Scorecard approach. • Any Variable Bonus Awards in excess of certain thresholds will be deferred over a period of time. Deferred Variable Bonus will lapse immediately upon termination of employment (including resignation) except in the event of ill health, disability, redundancy, retirement or death. 	<ul style="list-style-type: none"> • Offered within the suite of Total Rewards for eligible talents and senior management who have a direct line of sight in driving, leading and executing Maybank Group’s business strategies and objectives.
	<p>Clawback Provision:</p> <ul style="list-style-type: none"> • The Maybank Board, based on risk management issues, financial misstatement, fraud and gross negligence or wilful misconduct, has the discretion to make adjustment or clawback the Variable Bonus and Long-term Incentive Awards where appropriate. 	

2. Benefits And Well-Being Preservation

Provides a range of benefits that are valued by employees which include financial protection, health care, paid time off, staff loans at preferential rates, programmes to support work-life integration, etc for its diverse workforce. The benefits programmes, which blend all elements including cost optimisation and employee/job needs, are reviewed regularly with proactive actions taken to remain competitive in the increasingly dynamic business landscape. This has continuously enriched Maybank Group's employees, which is part of its total rewards strategy.

3. Development And Career Opportunities

Continue to invest in the current skills and capabilities necessary as well as the personal and professional growth of Maybank Group's employees. Opportunities are provided to employees to chart their careers across different businesses and geographies.

4. Long-Term Incentive Award

Employees' Share Grant Plan

In December 2018, Maybank rolled out a new scheme under its Long-Term Incentive Award i.e. Employees' Share Grant Plan ("ESGP") which replaces the previous scheme that expired in June 2018. The ESGP has a validity period of seven (7) years and it serves as a long-term incentive award for eligible talents and senior management.

Vesting eligibility of the ESGP is subject to fulfilment of the ESGP vesting conditions as well as upon meeting the performance criteria at the Maybank Group level and at an individual level. The first ESGP Award that was granted in December 2018 will vest by 2021 while the second ESGP Award that was granted in September 2019 will vest by 2022.

Governance And Controls - Remuneration Practices

Maybank IB ensures its remuneration policies and structure are in line with the requirements of governance regulations. From a risk management perspective, the remuneration policy is supported by strong governance and is sensitive to risk outcomes.

Maybank IB also ensures compliance to regulatory governance for risk control of remuneration practices. Maybank IB has strong internal governance on the performance and remuneration of control functions which are measured and assessed independently from the business units to avoid conflict of interests. The remuneration of staff in control functions are predominantly fixed to reflect the nature of their responsibilities. Annual reviews of their compensation are benchmarked against the market rate and internally to ensure that it is at an appropriate level.

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

Remuneration of Senior Officers/MRT and OMRT

Remuneration of Senior Officers/MRT and OMRT are reviewed on an annual basis and submitted to the Nomination and Remuneration Committee for recommendation to the Maybank IB Board for approval.

Summary of FY2019 compensation outcome for those identified as Senior Officers/MRT and OMRT of Maybank IB:

RM'mil

Total value of remuneration awards for the financial year	Senior Officers/MRT		OMRT	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration				
- Cash-based	8.572 (13 headcount)		8.481 (14 headcount)	0.227 (1 headcount)
- Shares and share-linked instruments	-	-	-	-
- Other	-	-	-	-
Variable remuneration				
- Cash-based	7.452 (11 headcount)	0.713 (4 headcount)	6.993 (14 headcount)	0.506 (4 headcount)
- Shares and share-linked instruments*	-	-	-	-
- Other	-	-	-	-

<p>Definition</p>	<p>Senior Management are defined as the CEO and senior officers. MRT for senior officers refers to EXCO of MKE and business heads and who:-</p> <ul style="list-style-type: none"> i. Can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile; or ii. is among the most highly remunerated officers 	<p>OMRT are defined as an officer who is not a member of Senior Management and who:-</p> <ul style="list-style-type: none"> i. Can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile i.e. those who are business head; or ii. is among the most highly remunerated officers
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Notes:

**On 30 September 2019 a total of 685,000 units of Maybank shares under Maybank Group Employees Share Grant Plan ("ESGP")/Cash-settled Employees Share Grant Plan ("CESGP") were awarded to 26 Seniors Officers/MRT/OMRT respectively. The number of ESGP/CESGP units to be vested/paid in September 2022 is conditional subject to eligible employees fulfilling the vesting/payment criteria.*

The Annual Board Outline Agenda

The Board's Annual Board Outline Agenda aims to highlight to the Board and Board Committees as well as the Management on subject matters other than 'routine' for the year to facilitate better planning and for greater time effectiveness of various parties. It would also give a greater sense of discipline on the part of Management to commit to the said outline as well as allowing the Board to deliberate on and contribute towards achieving a higher level of value-added discussions. In response to technological advancement in the digital space, the Board has taken the initiatives to implement paperless board meeting where board papers are uploaded onto a secured platform, namely, BoardPAC and accessible via tablet devices.

Quality and Supply of Information to the Board

The Board has full and unrestricted access to all information pertaining to Maybank IB's businesses and affairs as well as to the advice and services of the senior management of the Maybank IB. In addition to formal Board meetings, the Chairman maintains regular contact with the CEO to discuss specific matters, and the latter assisted by the Company Secretary ensures that frequent and timely communication between the senior management and the Board is maintained at all times as appropriate.

The Board is kept up-to-date on various matters via comprehensive management reports on a regular basis on the business of Maybank IB group of companies as well as several other key areas which include, amongst others, the following:

- Current financial performance of Maybank IB that include current monthly/quarterly and year-to-date figures which are compared against budget, capital adequacy and Maybank IB's balance sheet;
- Business performance of each business division with additional details including identified growth strategies and business outlook;
- Updates on corporate simplification exercises, productivity, strategic initiatives and corporate branding which includes any acquisition /regional expansion activities and value differentiating factors;
- Updates on the ongoing legal proceedings which include update on Maybank IB regulatory and compliance status;
- Current performance of Maybank IB's subsidiaries and associate company (Anfaal Capital);
- Enterprise Risk Dashboard which reports the Key Risk Indicators ("KRI") for Maybank IB that covers Capital Risk, Concentration Risk, Liquidity Risk, Credit Risk, Market Risk, Operation Risk and Compliance Risk; and
- Issues and updates on Human Capital which include movement of staffs, licensing updates, key initiatives undertaken such as management succession planning and talent management and any other HR matter deemed appropriate.

Independent Professional Advice

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

Company Secretary

In her function as the Company Secretary, the Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board as well as best practices of governance. She is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving Maybank IB, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. All Directors have access to the advice and services of the Company Secretary and the Board Satisfaction Index acts as an evaluation mechanism on the support and services provided by the Company Secretary to the Board during the financial year.

Board Satisfaction Index

Performed every year, the Board Satisfaction Index (BSI) demonstrates an important initiative to ensure continuing adequate support is provided by the Company Secretary to the Board to assist Directors in discharging their duties effectively. The BSI exercise was conducted in December 2019 for the financial year ended 31 December 2019.

The areas of assessment cover transactional and operational efficiency, which includes the quality of the minutes of the Board and Board Committees, meeting papers and meeting arrangements, training, knowledge management and claims processing, as well as advisory services on matters concerning Directors' duties, such as disclosure of interests and prohibition against trading. Based on feedback received from Board members, the Board was generally satisfied with the support provided for the year under review, a number of areas have been identified for further improvement.

Directors' Training

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

During FY2019, all the Board members attended various training programmes and workshops on issues relevant to the Group, including a key training programme for Directors of financial institutions, particulars of which can be found below. As for 2020, the key areas of focus for the training needs of Directors have been identified based on the BEE undertaken by the Board.

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

Trainings programmes, conferences and forums attended by the Directors for the financial year ended 31 December 2019 were as follows:

Internal Seminars/Conferences

- Invest Malaysia Kuala Lumpur 2019
- Invest Asia Singapore 2019
- Maybank Annual Risk Workshop 2019 by Maybank Group Risk
- Virtual Banking Programme 2019: Transforming Malaysia's Banking Landscape by Maybank
- Board Strategy Session: Future of Banking - Key Trends and Outlook by Oliver Wyman

External Seminars/Conferences

- Bank Negara Malaysia (“BNM”) Annual Report 2018/ Financial Stability & Payments Systems Report by BNM
- Khazanah Nasional Megatrends Forum 2019
- YTL Memorial Lecture: The Diverse Facets of Leadership by PNB Research Institute
- Kongres Maruah Melayu Amanat YAB Tun Mahathir jointly organised by Universiti Malaya, Universiti Teknologi Mara, Universiti Pertanian Malaysia and Universiti Pendidikan Sultan Idris
- Malaysia Post Budget Forum 2020 jointly organised by Maybank, CIMB and RHB
- Konvensyen Sejarah Negara 2019 by Arkib Negara
- PNB Summit 2019 by PNB Research Institute
- An Evening with Michele Obama by The Growth Faculty Team
- In Conversation with Barrack Obama by The Growth Faculty Team
- Board Leadership Series: Reading the Signs of the Next Financial Crisis and Its Potential Impact on Asia by FIDE Forum
- Audit Committee Conference 2019 by Malaysian Institute of Accountants
- International Directors Summit 2019 by Institute of Corporate Directors Malaysia (ICDM)
- Raising Defences: Section 17A of Malaysian Anti-Corruption Commission Act by ICLIF Leadership and Governance Centre
- 3rd Distinguished Board Leadership Series: Artificial Intelligence and Its Role in Financial Institutions by FIDE Forum
- Say on Pay: What the Boards Need to Know by the Securities Commission
- Malaysia Post Budget 2020 Forum
- International Directors Summit 2019: The Trust Compass by ICDM
- Praxis Seminar: Malaysia Beyond 2020 by Institution of Strategic & International Studies
- Powertalk on “Revisiting the Misconception of Board Remuneration” by BNM
- Workshop for Company Secretaries: Your Role in Board Succession Planning by FIDE Forum
- Board Leadership Series: Rethinking Strategy by FIDE Forum
- Corporate Governance Monitor 2019 by Minister of Finance organised by the Securities Commission
- MyFintech Week 2019 by BNM
- Actuarial Training for Directors- Risk Based Capital & Ordinary Life Insurance in Malaysia by Allianz Malaysia Berhad

- Cyber Security Workshop 2019: Shifting Towards Cyber Intelligence by Deloitte Risk Advisory Sdn Bhd
- Transfer Pricing Briefing for Directors by Ernst & Young
- Smart Showcase Series - The Future of Fintech in ASEAN by CIMB ASEAN Research Institute/ ASEAN Business Club/ASEAN Business Advisory Council Malaysia
- Board Perspective on Cyber Resilience by PricewaterhouseCoopers PLT
- Business Continuity and Crisis Management Training for Directors by Business Continuity Management Institute
- Integrated Reporting Awareness Training by KPMG Management & Risk Consulting Sdn Bhd

BOARD PROFESSIONALISM

Directorships in Other Companies and Maybank Group

Consistent with the best practices and recommendations of the Green Book issued by the Putrajaya Committee on Government-Linked Companies' High Performance, each member of the Maybank IB Board holds not more than five directorships in public listed companies. This enables the Directors to focus and devote sufficient time in discharging their duties and responsibilities effectively.

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

Conflict of Interest

Members of the Board are required to make a declaration of interest in the event that they have interests in proposals which are being considered by the Board, including where such interest arises through close family members and related party, in line with various statutory requirements on the disclosure of Director's interest.

In all situations where the Directors are deemed as interested, they would recuse themselves from all proceedings and deliberations of the Board pertaining to the matters of conflict. The declaration of interest and abstention from voting would be recorded in the minutes of meeting or written resolutions of the Directors.

In February, 2017, the Maybank Group had reinforced its commitment in promoting sound principles and standards of good practice in the financial industry by establishing the Policy on Directors Conflict of Interest (“CI Policy”). The CI Policy, which incorporates the salient rules and regulations issued by BNM and Bursa Malaysia, regulates and manages issues of conflict (both direct and indirect) which a Director may encounter during his tenure as a Director, and set out the processes to address such issues.

Alongside the Code of Ethics, the CI Policy ensures that each member of the Board uphold the highest integrity in discharging their duties and in dealing with stakeholders, customers, fellow employees and regulators.

Insider Trading

Directors, key management personnel and principal officers of the Maybank IB are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge, which has not become public information, in accordance with the relevant provisions of the Capital Markets & Services (Amendment) Act 2015.

Related Party Transaction - Policy Statement

The Board recognizes that the Related Party Transactions, as defined in Maybank IB’s Related Party Transaction Policy, can present potential or actual conflict of interest which may give rise to the appearance that decisions have been based on considerations other than for the best interests of the Bank. The spirit of the transactions is that it should be undertaken on terms which are not more favourable to the related parties than those generally available to the public and which are not to the detriment of Maybank IB’s minority shareholders.

BOARD COMMITTEES

Certain governance responsibilities have been delegated by the Board in favour of its Board Committees, which operate within clearly defined terms of references, primarily to assist the Board in the execution of its duties and responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain key and operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board.

The Chairman of the Board Committees will table and present a report on the activities of the respective Board Committees at the monthly Board meetings.

The Board Committees of the Maybank IB Board are as follows save for the Nomination and Remuneration Committee (“NRC”), the functions of which are assumed at the Maybank Group level:-

- (i) Audit Committee
- (ii) Credit Underwriting and Review Committee
- (iii) Risk Management Committee

Presently, the composition of the Audit Committee and the Risk Management Committee in particular, are in compliance with the following provisions of the BNM's Policy on Corporate Governance:

- (i) At least three members;
- (ii) Majority of Independent Directors;
- (iii) Chaired by Independent Directors;
- (iv) The Executive Director is not a member of any of these Board Committees; and
- (v) The Chairman of the Board is not a member of any of these Board Committees.

While certain duties and responsibilities of the Board are delegated to these Board Committees, the Board remains fully accountable for any authority delegated to them. Each Board Committee operates within their own specific terms of references and the Chairman of each Board Committee is responsible to table and report on the activities of these Board Committees to the Board at the monthly Board meeting.

The current composition, function, roles and responsibilities of each Board Committee is described in further detail below.

Audit Committee (ACB)

The ACB meets once in each quarter with additional meetings convened to attend to urgent matters that require its deliberation. The Terms of Reference of the ACB requires at least three members from its non-executive directors, majority of whom must be independent. The Chairman and all members of ACB are INEDs.

The members of the ACB are as follows:-

Chairman

Dato' Abdul Hamid Sh. Mohamed - *Independent Non-Executive Director*

Members

Mr. Hans Johan Patrik Sandin - *Independent Non-Executive Director*

Dato' Sri Sharifah Sofianny Binti Syed Hussain - *Independent Non-Executive Director*

Che Zakiah Binti Che Din - *Independent Non-Executive Director*

Secretary

Ms. Edleen Rehanie Ariffin (Company Secretary)

The ACB's roles and responsibilities, among others, are to review, appraise, recommend (where applicable) and report to the Board of Directors on the following:

- (i) With the External Auditors, the scope of the audit and audit plan of both the internal and External Auditors.
- (ii) With the External Auditors, the adequacy of the established policies, procedures and guidelines on internal control systems.
- (iii) With the External Auditors, the effectiveness of internal controls systems, risk management processes and the internal and/or External Auditors' evaluation of these systems and in particular the External Auditors' management letter and management's response.
- (iv) With the External Auditors, their audit report.
- (v) The nomination or re-appointment of the External Auditors and their fee as well as matters pertaining to resignation, termination or change of the External Auditors.
- (vi) Approve the provision of non-audit services to be provided by the External Auditors and ensure that there are proper check and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.
- (vii) The scope of the internal audit programme, internal audit findings and recommend actions to be taken by Management.
- (viii) Review and access the performance of the Head of Audit, Investment Banking.
- (ix) The internal audit programme, processes, including the establishment of the Internal Audit Department.
- (x) The quarterly results and year-end financial statements focusing particularly on the changes in accounting policy, significant and unusual events as well as compliance with accounting standard and other legal requirements including prompt publication of the financial accounts.
- (xi) Any related party transaction and conflict of interest situation that may arise within the Bank or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (xii) Prepare an Audit Committee Report at the end of each financial year, if deemed necessary and this report will be set out clearly in the Annual Report.
- (xiii) To review and assess the performance of MKE internal audit staff including their remuneration and annual increment. To also take cognizance of the resignation of internal audit staff and the reason of resignation.

Credit and Underwriting Review Committee (CURC)

The CURC meets once every month with additional meetings convened to attend to urgent matters that require its decision. The Terms of Reference requires a minimum of three members. The majority of members CURC are INEDs.

The members of the CURC are as follows:-

Chairman

Mr. Goh Ching Yin - *Non-Independent Executive Director*

Members

Mr. Hans Johan Patrik Sandin - *Independent Non-Executive Director*

Dato' Muzaffar Hisham - *Non-Independent Executive Director*

Dato' Abdul Hamid Sh. Mohamed - *Independent Non-Executive Director*

Dato' Sri Sharifah Sofianny Binti Syed Hussain - *Independent Non-Executive Director*

Secretary

Ms. Edleen Rehanie Ariffin (Company Secretary)

The responsibilities of the CURC, among others, are as follows:

- (i) To provide regional oversight and advisory to all Credit and Credit and Underwriting Committees within the Maybank Kim Eng Investment Banking Group.
- (ii) To support or object to all credit and trading limits or capital market transactions above the levels defined in the Credit and Credit and Underwriting Committee terms of references and in the Maybank Kim Eng Group Credit Delegations of Authority ("MKE Credit DOA").
- (iii) To review, reject or recommend modifications to terms of credit facilities or capital market transactions which have been approved by the Country Credit or Credit and Underwriting Committee should the majority of the members be of the opinion that the facilities would expose Maybank Investment Bank or any other entity within Maybank Kim Eng to undue excessive risk.

Risk Management Committee (RMC)

The RMC has been delegated by the Board to assume responsibility for the Group's risk oversight and any approved policies and frameworks formulated to ensure that the risk management process was in place. It also functions to identify, measure and monitor various risk components, among others, credit risk, market risk, liquidity risk and operational risk. The Terms of Reference of the RMC requires a minimum of three members. The Chairman and all the members of RMC are INEDs.

The members of the RMC are as follows:

Chairman

Mr. Hans Johan Patrik Sandin - *Independent Non-Executive Director*

Members

Mr. Goh Ching Yin - *Independent Non-Executive Director*

Dato' Sri Sharifah Sofianny Binti Syed Hussain - *Independent Non-Executive Director*

Secretary

Ms. Edleen Rehanie Ariffin (Company Secretary)

The RMC meets once in each quarter with additional meetings convened to attend to urgent matters that require its deliberation. The specific responsibilities of the RMC include the following:

- (i) To oversee the formal development of policies within Maybank IB, encompassing all products and businesses, and ensuring the development of policy manuals and procedures.
- (ii) To monitor, assess and advise on the risk portfolio composition of Maybank IB.
- (iii) To periodically review Maybank IB's capital structure, the impact of risk and stress scenarios and the adequacy of capital vis-à-vis its risk profile.
- (iv) To review and evaluate the various products to ensure they are conducted within the standards and policies set by the Board.
- (v) To review and assess the appropriate levels of capital as well as monitor adherence to the targeted capital ratios.
- (vi) To approve the operating guidelines and trading limits for the money market and trading operations including derivatives.
- (vii) To review and assess the adequacy of risk mitigation processes including insurance coverage.
- (viii) To review and recommend strategic actions to be taken arising from Basel II implementation and regulatory rules impacting risk management practices for the Board's approval.
- (ix) To review and approve new products and ensure compliance with the prevailing guidelines issued under the BNM or other relevant regulatory bodies.

- (x) To promote risk awareness and to access on the adequacy on the information, instruction and training of staff in respect of risk management including AMLA.

Maybank Group NRC

Maybank IB has been exempted by BNM from complying with the requirement to establish an NRC as the functions of the committee for Maybank IB are assumed by the Maybank Group. In view thereof, any decisions involving the above committees will be referred and presented to the NRC of Maybank for deliberation. Nevertheless, the final decisions are made by the Board of Maybank IB.

The members of NRC are as follows:

Chairman

Datuk R. Karunakaran - *Independent Non-Executive Director*

Members

Bapak Edwin Gerungan - *Non-Independent Non-Executive Director*

Mr. Cheng Kee Check - *Non-Independent Non-Executive Director*

Puan Fauziah Hisham - *Independent Non-Executive Director*

Dato' Idris Kechot - *Independent Non-Executive Director*

Dato' Zulkiflee Abbas Abdul Hamid - *Independent Non-Executive Director*

Secretary

Encik Wan Marzimin Wan Muhammad (Company Secretary of Maybank)

The roles and responsibilities of the NRC are set out in its Terms of Reference is published in Maybank Group's corporate website (www.maybank.com).

UPHOLDING CORPORATE GOVERNANCE

The Board acknowledges the importance of developing and maintaining a framework of Corporate Governance that is robust and sound, to promote a culture of integrity and transparency throughout Maybank IB as the context permits.

The Board is also responsible for ensuring that Maybank IB's internal controls, policies and procedures are duly established, maintained and implemented, and are updated from time to time. Matters relating to non-compliance with prudential requirements, weaknesses and deficiencies in the internal controls and systems of Maybank IB are reviewed, evaluated and escalated to the Board of Directors to ensure that corrective action is taken by Maybank IB.

As a Participating Organization of Bursa Malaysia, Maybank IB has the continuous obligation in contributing towards a fair and orderly market, and is therefore required to report activities and status of various areas of concern to Bursa Malaysia on a periodic basis. Potential material breaches of rules and regulations and the appropriate remedial actions taken will be escalated to the relevant regulatory authorities during the reporting period whereby cases of material non-compliance with the Capital Markets and Services Act 2007 and the Securities Industry (Central Depositories) Act 1991 by the Bank and its representatives are escalated to the Securities Commission for further action.

COMPANY WEBSITE

Maybank IB's corporate website (www.maybank-ib.com) provides comprehensive and easy access to the latest information about Maybank IB. Information available on the corporate website includes Maybank IB's corporate profile, individual profiles of senior management, financial results, Maybank IB's Board Charter and corporate news.