

1. THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Board of Maybank Islamic Berhad ("Maybank Islamic" or "the Bank") comprised six (6) directors of which five (5) were Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Chairman. The composition of the Board complied with the requirement under the BNM Corporate Governance Policy ("BNM CG Policy") of having a majority of independent directors at all times.

The members of the Board as at 31 December 2017 were as follow:

Name	Position	First Appointment Date
Chairman		
Encik Zainal Abidin Jamal	Non-Independent Non-Executive Director ("NINED")	NINED - 28 January 2010 Chairman - 1 June 2017
Members		
Dato' Dr. Muhammad Afifi al-Akiti	Independent Non-Executive Director	15 August 2013
Encik Dali Sardar	Independent Non-Executive Director	11 August 2014
Encik Nor Hizam Hashim	Independent Non-Executive Director	18 October 2016
Datin Paduka Jam'iah Abdul Hamid	Independent Non-Executive Director	17 July 2017
Datuk Mohd Anwar Yahya	Independent Non-Executive Director	17 July 2017

A profile of each member of the Board is presented below:-

ZAINAL ABIDIN JAMAL

Non-Independent Non-Executive Director (Chairman)

Nationality

Malaysian

Age

63

Appointment

18 January 2010

Qualification

- LL.B (Honours), University of Singapore
- Advocate & Solicitor, High Court of Malaya
- Arbitrator, Asian International Arbitration Centre (formerly known as Kuala Lumpur Regional Center for Arbitration)

Working Experience

Present

Within Maybank Group

- Chairman of Maybank Islamic Berhad

Other Companies/Bodies

- Senior Partner of Zainal Abidin & Co, Advocate & Solicitor

Past

- First Class Magistrate in Brunei Darussalam
- Advocate & Solicitor of the Supreme Court of Singapore
- Company Secretary of Harrisons Malaysian Plantation Berhad

Directorship of Other Companies

- Sime Darby Plantation Berhad
- Lam Soon (M) Berhad
- Prominent Beauty Sdn Bhd
- Global Humanitarian Fund

Attendance in 2017

- 10 out of 10 Board meetings held in the financial year

Declaration

- No family relationship with any director and/or major shareholder of Maybank.
- No conflict of interest with Maybank Islamic and has never been charged for any offence.
- Does not hold any shares in Maybank Islamic.

DATO' DR MUHAMMAD AFIFI AL-AKITI

Independent Non-Executive Director

Nationality

Malaysian

Age

41

Appointment

15 August 2013

Qualification

- Doctor of Philosophy in Islamic Studies, Oxford University
- Master of Studies in Islamic Studies, Oxford University
- Bachelor of Arts in Scholastic Philosophy and the History of Science, Queen's University of Belfast

Working Experience

Present

Within Maybank Group

- Director of Maybank Islamic Berhad

Other Companies/Bodies

- Islamic Centre Lecturer in Islamic Studies at the Faculty of Theology, University of Oxford
- Senior Member of Congregation of the University of Oxford, UK
- Kuwait Foundation for the Advancement of Sciences (KFAS) Fellow, Oxford Centre for Islamic Studies
- Distinguished Visiting Professor, University Utara Malaysia (UUM)
- Visiting Professor, Universiti Teknologi Mara (UiTM)
- Visiting Professor, Universiti Sains Malaysia (USM)

Past

- Organized conferences/seminars namely, among others, Special Session on Islamic Social Finance, convened the 'Muslim Thinkers' Seminar Series, the 'Islamic Finance' Seminar Series, the 'Introducing Islamic Manuscripts' Seminar Series, the 'Islamic Ethics : Classical and Contemporary Perspectives' Seminar Series, etc

Past (cont'd.)

- Involved in Academic Editorial work as Deputy Editor, Journal of Islamic Studies (Oxford University Press), Associate Editor, Integrated Encyclopedia of the Qur'an (CIS), Consultant Editor, Journal of the Royal Asiatic Society (Cambridge University Press), Special Guest Editor, The Muslim World (Wiley-Blackwell), etc.
- Performed selected consultancy work, to name a few, as working level member of the United Nations High-Level Panel on Humanitarian Financing convened by the UN Secretary-General to deal with the various Multilateral Development Banks (MDBs), in particular, the World Bank and the Islamic Development Bank and the various humanitarian agencies in 2015-16, member of an international task force on Islam and Science convened by Ekmeleddin Ihsanoglu (Secretary-General of the OIC), Istanbul, Turkey, supported by the John Templeton Foundation in 2015, member of the Promotion of Piece in Muslim Societies Forum, convened by the Foreign Minister of the United Arab Emirates, HH Sheikh Abdullah bin Zayed Al Nahyan, from 2014, etc

Directorship of Other Companies

- Oxford Islamic Finance Ltd, U.K.
- Oxford Real Estate Ltd, U.K.
- International Advisory Board of Abu Dhabi Educational Council (ADEC) UAE
- International Advisory Board of Sultan Omar 'Ali Saifuddien Centre for Islamic Studies, Universiti Brunei Darussalam (UBD), Brunei
- International Advisory Board, Global Journal Al-Taqafah (USAS Press)
- Board Member of the Perak Islamic and Malay Council
- Member of the Perak Fatwa Council
- KUISAS Berhad
- LTH Oxford Ltd, Jersey

Attendance in 2017

- 10 out of 10 Board meetings held in the financial year

Declaration

- No family relationship with any director and/or major shareholder of Maybank.
- No conflict of interest with Maybank Islamic and has never been charged for any offence.
- Does not hold any shares in Maybank Islamic.

DALI SARDAR

Independent Non-Executive Director

Nationality

Malaysian

Age

58

Appointment

11 August 2014

Qualification

- Bachelor of Arts (majoring in Economics), Knox College, Illinois, USA
- Master in Business Administration, American Graduate School of International Management, Arizona, USA

WORKING EXPERIENCE

Present

Within Maybank Group

- Director of Maybank Islamic Berhad

Other Companies/Bodies

- Director of DTA Capital Group

Past

- Relationship Manager and Vice President of Citicorp/ Citbank
- Executive Director and subsequently promoted as Managing Director of Citicorp Capital.
- Chief Executive Officer of Utama Merchant Bank Berhad
- Director of Maybank Private Equity Sdn Bhd

Directorship of Other Companies

- Chuan Huat Resources Bhd
- Malaysian General Investment Corporation (MGIC) Bhd
- DTA Capital Partners Sdn Bhd
- DTA Ventures Management Sdn Bhd
- DTA Growth Capital Sdn Bhd
- Mavcap ICT Sdn Bhd
- Peranex Sdn Bhd
- Norhtec Corporation Ltd (Thailand)
- M Development Ltd (Singapore)

Attendance in 2017

- 10 out of 10 Board meetings held in the financial year

Declaration

- No family relationship with any director and/or major shareholder of Maybank.
- No conflict of interest with Maybank Islamic and has never been charged for any offence.
- Does not hold any shares in Maybank Islamic.

NOR HIZAM BIN HASHIM

Independent Non-Executive Director

Nationality

Malaysian

Age

69

Appointment

18 October 2016

Qualification

- Bachelor of Jurisprudence (BOJ) (External) with honours, University of Malaya
- Chartered Accountant, Malaysia Institute of Accountants
- Bachelor of Commerce (Finance, Accounting and Economics), University of Western Australia

Working Experience

Present

Within Maybank Group

- Director of Malayan Banking Berhad
- Director of Maybank Islamic Berhad
- MCB Bank Limited (Pakistan)

Other Companies/Bodies

- Nil

Past

- Accountant and Financial Analyst of ESSO Malaysia Berhad
- Financial Controller of Mamor Sdn Bhd
- General Manager (Finance) of Raleigh Berhad
- Held various senior positions including as Chief Operating Officer of Telekom Malaysia Berhad Group
- Chief Financial Officer of TELKOM SA Ltd
- Chief Executive Officer of TM International Corporation
- Expert Officer to the Public Private Partnership Unit and Economic Planning Unit in the Prime Minister's Department

Directorship of Other Companies

- Minority Shareholders' Watchdog Group
- Telekom Consultancy Sdn Bhd
- Bizforte Sdn Bhd

Attendance in 2017

- 9 out of 10 Board meetings held in the financial year

Declaration

- No family relationship with any director and/or major shareholder of Maybank.
- No conflict of interest with Maybank Islamic and has never been charged for any offence.
- Does not hold any shares in Maybank Islamic.

DATUK MOHD ANWAR YAHYA

Independent Non-Executive Director

Nationality

Malaysian

Age

63

Appointment

17 July 2017

Qualification

- Bachelor of Science (Honours) in Economics & Accountancy, University of Hull, United Kingdom
- Chartered Accountant, Institute of Chartered Accountants in England and Wales
- Member of Malaysia Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

Working Experience

Present

Within Maybank Group

- Director of Maybank Islamic Berhad

Other Companies/Bodies

- Nil

Past

- Financial and Business Advisor of PricewaterhouseCoopers
- General Manager of Permodalan Kelantan Berhad
- Finance Manager of Lembaga Kemajuan Kelantan Selatan (KESEDAR)

Directorship of Other Companies

- Usains Holdings Sdn Bhd
- Felda Global Ventures Holdings Berhad

Attendance in 2017

- 4 out of 5 Board meetings held in the financial year

Declaration

- No family relationship with any director and/or major shareholder of Maybank.
- No conflict of interest with Maybank Islamic and has never been charged for any offence.
- Does not hold any shares in Maybank Islamic.

DATIN PADUKA JAM'IAH ABDUL HAMID

Independent Non-Executive Director

Nationality

Malaysian

Age

62

Appointment

17 July 2017

Qualification

- Diploma in Public Administration, Universiti Teknologi MARA
- Bachelor of Science (Finance), Northern Illinois, USA
- Master Degree in Business Administration, Universiti Kebangsaan Malaysia
- Certified Financial Planner, Financial Planning Association of Malaysia

Working Experience

Present

Within Maybank Group

- Director of Malayan Banking Berhad
- Director of Maybank Islamic Berhad

Other Companies/Bodies

- Nil

Past

- Deputy President, Corporate & International, Permodalan Nasional Berhad
- Director, Mesiniaga Berhad
- Director, Chemical Company of Malaysia Berhad
- Director, UMW Holdings Berhad

Directorship of Other Companies

- Prolintas Expressway Sdn Bhd
- Projek Lintasan Kota Sdn Bhd
- Projek Lintasan Kota Holdings Sdn Bhd
- Projek Lintasan Shah Alam Sdn Bhd
- Projek Lintasan Damansara-Shah Alam Sdn Bhd
- Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd
- Turnpike Synergy Sdn Bhd
- Pernec Integrated Network Systems Sdn Bhd
- Unilever (Malaysia) Holdings Sdn Bhd

Attendance in 2017

- 5 out of 5 Board meetings held in the financial year

Declaration

- No family relationship with any director and/or major shareholder of Maybank.
- No conflict of interest with Maybank Islamic and has never been charged for any offence.
- Does not hold any shares in Maybank Islamic.

BOARD CHARTER

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 the Bank. In this regard, all directors are required to maintain the highest standards of transparency, integrity and honesty. This standard serves as the basis for the principles that govern directors' conduct and their relationship with the Bank's stakeholders.

The Board Charter outlines among others, the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of the Bank.

ROLES AND RESPONSIBILITIES OF THE BOARD

In line with the standards of the BNM CG Policy, the Board's duties and responsibilities include the following function:-

- (a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank's risk profile;
- (b) oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank;
- (c) oversee the implementation of the Bank's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations;
- (d) promote, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour;
- (e) promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies;
- (f) oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- (g) promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the financial institution; and
- (h) ensure that there is a reliable and transparent financial reporting process within the Bank.
- (i) promote Shariah compliance in accordance with expectations set out in the policy document on Shariah Governance Framework for Islamic Financial Institutions (BNM/RH/GL_012_3) and ensure its integration with the Bank's business and risk strategies; and
- (j) have due regard to any decision of the Shariah Committee on any Shariah issue relating to the carrying on of business, affairs or activities of the institution.

BOARD COMMITTEES

Delegation of certain governance responsibilities has been undertaken 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.

Board Investment Committee

As required by para 17.3 of the Investment Account Policy by BNM, every Islamic Bank must establish a separate board investment committee when the investment account constitutes a significant proportion of the total asset of the Bank.

The Board Investment Committee (“BIC”) is responsible for assisting the Board in performing the oversight functions and provide recommendations in respect of the investment strategies, management and performance of the investment account.

The members of the BIC as at 31 December 2017 were as follows:

Name	Position	Appointment Date
Encik Dali Sardar	Chairman	28 September 2016
Dato’ Dr. Muhammad Afifi al-Akiti	Member	31 October 2016
Encik Nor Hizam Hashim	Member	26 April 2017

The specific duties of the BIC include:

- (i) Review and recommend to the Board on matters including, but not limited to objectives, strategies, policies and processes of the investment account including profit distribution policy and valuation;
- (ii) Review and assess the investment operations to ensure the same are performed in accordance with the fiduciary duties and agency duties in the agreed terms and conditions of the investment account, relevant legislations and Shariah rulings;
- (iii) Review and assess the effectiveness of the established risk management policies, processes and infrastructure to identify, measure, monitor, control and report the various types of risk associated with the assets funded by the investment account including policies and procedures to determine the significant level of investment account business;
- (iv) Review and assess the competency and investment expertise of the personnel managing the investment accounts;
- (v) Review and assess disclosure policies on a regular basis to ensure reliable, relevant and timely information are disseminated to the investment account holders to facilitate informed decision making by the Board and in order to protect the interest of the investment account holders; and
- (vi) Review performance reports on the activities of the Investment Account Unit on a periodic basis.

Under the leverage model, the Board delegated certain of its governance responsibilities to the following Board Committees of Maybank, which operate within clearly defined terms of references primarily to assist the Board in the execution of its duties and responsibilities. Nevertheless, the final decisions were made by the Board of Maybank Islamic.

1. Audit Committee¹
2. Credit Review Committee²
3. Nomination and Remuneration Committee
4. Risk Management Committee²
5. Employee Share Scheme Committee
6. Compliance Committee of the Board¹
7. Employee Share Grant Plan

Notes:

1. The Chairman of the Audit Committee and the Chairman of the Compliance Committee of the Board also sit at the Board of Maybank Islamic.
2. Representative of the Board sits in as an invitee at the committee meetings for the deliberations on matters related to Maybank Islamic.

TENURE OF DIRECTORSHIP

Consistent with the Maybank Group's Directors' Independence Policy and recommendations of the Malaysian Code on Corporate Governance 2017 ("the Code"), the Board via the Nomination and Remuneration Committee ("NRC") assesses the independence of Independent Directors upon his/her appointment, re-appointment and in any event, annually. In line with the Code, the tenure of service for Independent Directors has been capped at the maximum period of nine years whereby upon completion of such tenure, the Independent Director may continue to serve on the Board subject to his redesignation as a Non-Independent Director. The Board recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time alone. The Board also considers that continued tenure could bring considerable stability to the Board and acknowledges the fact that it has benefited greatly from the presence of Board members who have over time gained valuable insight into the Group and its markets. Hence, the Board may in certain circumstances and subject to the NRC's assessment, decide to maintain a member as an Independent Director beyond the requisite 9-year period, if the Board is satisfied (upon the review by the NRC) that the said Director can remain independent in character and judgment, and would continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management and the Board. Under such circumstances, the Board may allow the shareholder to decide whether the said Director should continue to be designated as an Independent Director (notwithstanding the fact his tenure has exceeded the 9-year period), with strong justifications provided by the Board to support the proposal. Currently, none of the Board's independent members has reached the 9-year term in Maybank Islamic.

BOARD MEETINGS

During the financial year ended 31 December 2017, a total of 10 meetings were convened inclusive of 2 special meetings for urgent issues and/or important decisions required to be addressed between the scheduled meetings.

All the Directors have exceeded the 75% meeting attendance requirement in accordance with BNM CG Policy. Details of attendance of each Director on the Board and Board Investment Committee of Maybank Islamic during the financial year ended 31 December 2017 are highlighted in the table below.

Name of Directors	Board			BIC		
	Held	Attended	%	Held	Attended	%
Encik Zainal Abidin Jamal	10	10	100			
Dato' Dr. Muhammad Afifi al-Akiti	10	10	100	6	6	100
Encik Dali Sardar	10	10	100	6	6	100
Encik Nor Hizam Hashim ¹	10	9	90	5	5	100
Datin Paduka Jam'iah Abdul Hamid ²	5	5	100			
Datuk Mohd Anwar Yahya ³	5	4	80			
Dato' Zulkiflee Abbas Abdul Hamid ⁴	5	3	100	1	1	100

Notes:

1. Appointed as BIC member with effect from 26 April 2017.
2. Appointed as a Director with effect from 17 July 2017.
3. Appointed as a Director with effect from 17 July 2017.
4. Ceased directorship with effect from 3 April 2017

DIRECTORS' REMUNERATION

The Board believes that one area that the Board needs to focus on in order to remain effective in the discharge of its duties and responsibilities is the setting of a fair and comprehensive remuneration package commensurate with the expertise, skills, responsibilities and the risks of being a director of a financial institution. In line with good corporate governance, the Maybank Group has set out its intention to periodically review the Non-Executive Directors (NEDs) remuneration for Maybank and its group of companies at least once every three years. A summary of the total remuneration of the Directors (shown in nearest thousand), in aggregate with categorisation into appropriate components for the financial year ended 31 December 2017 is as follows:

Name of Directors	Directors' Fee (RM)	Other Emoluments (RM)	Benefit in Kind (RM)	Total (RM)
Encik Zainal Abidin Jamal ¹	157,500	10,000	13,412	180,912
Dato' Dr. Muhammad Afifi al-Akiti ²	141,250	16,000	3,000	160,250
Encik Dali Sardar ³	144,750	26,000	3,000	173,750
Dato' Zulkiflee Abbas Abdul Hamid ⁴	36,490	6,000	-	42,490
Encik Nor Hizam Hashim ⁵	133,264	21,000	-	154,264
Datin Paduka Jam'iah Abdul Hamid ⁶	53,125	5,000	-	58,125
Datuk Mohd Anwar Yahya ⁶	53,125	4,000	-	57,125
Total	719,504	88,000	19,412	826,916

Notes:

1. Appointed as Chairman with effect from 1 June 2017.
2. Fees include for BIC
3. Fees include for BIC
4. Ceased directorship with effect from 3 April 2017.
5. Fees include for BIC, appointed as BIC member with effect from 26 April 2017.
6. Appointed as a Director with effect from 17 July 2017.

DIRECTORS' TRAINING

The Board acknowledges the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to perform their functions and meet the challenges of the Board. During the year, all the Board members have attended various training programmes and workshops on relevant issues, including key training programme for Directors of financial institutions, namely the Financial Institutions Directors' Education (FIDE).

The Board continues to assess the training needs of its Directors vide the Board Assessment and identify key areas of focus for training programmes. Trainings programmes, conferences, forums and talks attended by the Directors for the financial year ended 31 December 2017 were as follow:

Maybank Group Internal Training

- Maybank Islamic Berhad Director's Induction Programme
- Maybank Group Annual Risk Workshop
- Maybank Islamic Risk Workshop
- Group Compliance Engagement Session on AML/Sanction, FEA Rules & Anti-Bribery & Corruption
- Compliance Engagement with Maybank Group Board, Group EXCOs and Senior Management
- AGEAS Partnership Days
- Independent Assessment and Perspective of Market on Etiqua

FIDE

- FIDE Forum 2nd Distinguished Board Leadership Series : Risk and Reward : What Must Boards Know About a Sustainable FI
- FIDE Core Programme (Module A)
- FIDE Core Programme (Module B)
- Mandatory Accreditation Programme (MAP)
- ICLIFF Leadership & Governance Breakfast talk - Leading in a Volatile, Uncertain, Complex & Ambiguous (VUCA) world

Other External Seminars/Conferences/Talks

- 8th SC-OCIS Roundtable : “Creating Shared Values Through Risk Sharing”
- The new Companies Act 2016: A New Playbook for Directors
- Bonds, Loan & Sukuk Middle East
- Next Generation Customer Experience in Insurance using Big Data Insight
- Robotic Process Automation
- PNB-USIM Governance and Assurance Conference 2017
- The Global Institute for Leadership Development (GILD) Asia Programme
- When AI Meets FinTech
- Cyber Risk to Financial Institution
- Implementation of the Report on Transparency in Corporate Reporting