

3. REMUNERATION

REWARDS AND REMUNERATION

At Maybank Islamic, we embrace an integrated rewards strategy that focusses on providing the right remuneration, benefits and career development/progression opportunities at the right time for our employees' personal and professional aspirations. It involves integration of total rewards' key elements that are aligned to the Maybank Group strategy, Maybank Group Human Capital strategy, culture and Core Values T.I.G.E.R., to create motivated, engaged and productive employees. This outcome will in turn create desired business performance for sustainable growth.

The Bank's remuneration policy is approved by the Board and is subject to periodic monitoring and reviewing. The remuneration policy reinforces a high performance culture to attract, motivate and retain talent through market competitive and differentiated pay.

Maybank Group rewards' principles are delivered holistically via the Group's Total Rewards Framework which include base pay, other fixed cash, performance-based variable cash, long-term incentive awards, benefits and development.

Key Elements	Purpose
Fixed Pay	<ul style="list-style-type: none"> ● Attract and retain talent by providing competitive pay that is externally benchmarked against relevant peers and location, and internally aligned with consideration of differences in individual performance and achievements, skill set, job scope as well as competency level.
Variable Cash	<ul style="list-style-type: none"> ● Reinforce pay-for-performance culture and adherence to Maybank Group's core values. ● Variable cash award design that is aligned with the long-term performance goals of the Group through our deferral and claw-back policies. ● Based on overall Group Performance, Business/Corporate Function and individual performance ● Performance is measured via Balanced Scorecard approach ● Deferral Policy: Any Variable Bonus Award in excess of certain threshold will be deferred over a ● Clawback: The Maybank Board, based on risk management issues, financial misstatement, fraud and gross negligence or wilful misconduct, has the discretion to make potential adjustment or clawback on variable bonus awards.
Long Term Incentive Awards	<ul style="list-style-type: none"> ● Attract and retain employees who have a direct line of sight to the Maybank Group's long-term performance.

Key Elements	Purpose
Benefits	<ul style="list-style-type: none"> Employee benefits provide employees with financial protection, access to health care, paid time-off, staff loans at preferential rates, programmes to support work/life balance, etc. and aims to remain relevant for a 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 and continuously enrich our employees, as part of our total rewards strategy.
Development and Career Opportunities	<ul style="list-style-type: none"> Opportunities provided to employees to chart their careers across different businesses and

Total Compensation ensures that employees are paid equitably to the market, delivered via cash and share/share-linked instruments. The mixed of cash and shares/shares-linked instruments is aligned to our long-term value creation and time horizon of risk with targeted mix ratio. The target positioning of Base Pay is mid-market while target positioning for Total Compensation for a performer is to be within the Upper Range of market. Target positioning for benefits is mid-market. In certain markets/geographies, there may be exceptions for selected benefits with above mid-market positioning for strategic purposes. As Maybank Group operates globally, it is essential that local legislation and practices are observed. Should any clause of any policy conflict with local legislation, local legislations shall take precedence.

Key features of Remuneration Framework that Promote Alignment between Risk and Rewards

The Bank's Total Compensation, a mixture of Fixed and Variable (i.e. Variable Bonus and Long-term Incentive Plan) is designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balance approach between fixed and variable components that change according to individual performance, business/corporate function performance, group performance outcome and individual's level and accountability.

The Bank has good internal governance on performance and remuneration of control functions which are measured and assessed independently from the business units they support to avoid any conflict of interests. Remuneration of the control functions is approved by the respective committees of the Board.

Performance Management principles ensure KPIs continue to focus on outcomes delivered that is aligned to the business plans. Each of the Senior Officers and other material risk takers carry Risk, Governance & Compliance goals in their individual scorecard and are cascaded accordingly. Being a responsible organisation, the right KPI setting continues to shape the organisational culture, actively drive risk and compliance agenda effectively where inputs from control functions and Board Committees are incorporated into the Sector and individual performance results.

Remuneration practices

As part of the overall corporate governance framework, the Bank ensures its remuneration policies and structure are in line with the requirement of governance regulations. From a risk management perspective, the remuneration policy is supported by strong governance and sensitive to risk outcomes.

Staff rewards are reviewed on annual basis and consistent with business performance and prudent risk management. Appropriately, involvement by the relevant control functions are sufficiently embedded to provide an independent and objective assessment of the remuneration principles and practices which are pre-requisites for executing a sound remuneration policy.

Senior Officers and Other Material Risk Takers

The remuneration package for Senior Officers and Other Material Risk Takers are reviewed on an annual basis and submitted to the Nomination and Remuneration Committee for recommendation to the Board for approval.

Summary of FY2017 compensation outcome for those identified as Senior Officers of Maybank Islamic:

Total value of remuneration awards for the financial year for the financial year	Senior Officers			
	Unrestricted		Deferred	
Fixed remuneration				
- Cash-based	11 headcounts	6,657,320	-	-
- Shares and share-linked instruments	-	-	-	-
- Others	11 headcounts	334,813	-	-
Variable remuneration				
- Cash-based	11 headcounts	2,674,637	-	-
- Shares and share-linked instruments	6 headcounts	1,580,913		
- Others	-	-	-	-
Definition	Senior Officers of the Identified Entities & Senior Officers of BNM-regulated Companies refers to CEO and Chief Financial Officer.			

Notes:

Figures presented in the table are in MYR. Currency exchange used for remuneration in foreign currency is based on average exchange rate for the year.