

# 1. REMUNERATION

## REWARDS AND REMUNERATION

The Bank's total rewards strategy is aligned to Group's strategic objectives in nurturing a high-performance culture that generates growth and delivers on the Bank's vision. The Bank embraces an integrated rewards strategy that focuses on providing the right remuneration, benefits and career development/progression opportunities at the right time to enable employees achieve personal and professional aspirations. It involves the integration of key elements of total rewards that underpins the Maybank Group's strategy, Maybank Group Human Capital strategy, culture and Core Values T.I.G.E.R. to deliver motivated, engaged and productive employees, who in turn create desired business performance and results for sustainable long term growth.

Maybank Group's Total Rewards is delivered holistically via the Group's Total Compensation Framework which includes base pay, other fixed cash, performance based variable pay, long term incentive awards, benefits and development, as follows:

Key elements	Purpose
Fixed Pay	<ul style="list-style-type: none"><li>Attract and retain talents by providing competitive pay that is externally benchmarked among relevant peers and location and internally aligned taking into consideration differences in individual performance and achievements, talent classification, skill set, job scope and competency level.</li></ul>
Variable Cash	<ul style="list-style-type: none"><li>Reinforce pay-for-performance culture and adherence to Maybank Group's core values.</li><li>Variable cash award design that is aligned with the long-term performance of the Group through our deferral and claw-back policies.</li></ul>
Long Term Incentive Awards	<ul style="list-style-type: none"><li>Attract and retain employees who have a direct line of sight to the long term sustainable performance of the Maybank Group.</li></ul>
Benefits	<ul style="list-style-type: none"><li>Employee benefits provide employees with financial protection, access to health care, paid time-off, programs to support work/life balance, etc. and aim to remain relevant for a diverse workforce. The benefits programs, which blend all elements including cost optimization and employee/job needs, are reviewed regularly with proactive actions taken so as to remain competitive in the increasingly dynamic business landscape and continuously enrich the Bank's employees as part of the total rewards strategy.</li></ul>
Development and Career Opportunities	<ul style="list-style-type: none"><li>Opportunities provided to employees to chart their careers across different businesses and geographies</li></ul>

Total Compensation ensures that employees are paid equitably to the market, delivered via cash and shares / share-linked instruments. The mix of cash and shares / share-linked instruments is aligned to the Bank’s long-term value creation and time horizon of risk with targeted pay 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 be observed. Should any clause of the policy conflicts with local legislations, then local legislations shall take precedence.

**KEY FEATURES OF THE BANK’S REMUNERATION FRAMEWORK THAT PROMOTES 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 of the Bank. The balance between the fixed and variable compensation, changes according to individual performance, business/corporate function performance, group performance outcome and individual’s level and accountability.

Following the Financial Stability Board (FSB) guidelines on sound remuneration system issued in 2009 in response to sub-prime/financial crisis, the Bank has implemented the following to ensure global best practice is met, making the Bank worthy of the recognitions it had been receiving locally, regionally and globally, on the Bank’s People management & development Infrastructure and Practices:

- a) Incorporation of Risk-adjusted performance measures in individual KPI. Inputs from control functions and Board Committees are incorporated into sector and individual performance results.
- b) Deferral Policy: Any Variable Bonus Award in excess of certain threshold will be deferred over a period of time.
- c) 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.

Employee Share Scheme was introduced in 2011 to deliver competitive Total Compensation with the market as well as ensure a mixture of cash and shares or shares-linked instruments that is aligned to the long-term value creation and the time horizon of risk in our variable compensation.

<b>Balanced Scorecard</b>	<ul style="list-style-type: none"> <li>▪ The Bank inculcates pay-for-performance culture by ensuring a close linkage between compensation and performance outcome as measured through the balanced scorecard.</li> <li>▪ The Balanced Scorecard approach covers both quantitative KPIs and Qualitative KPIs. We have also included risk-adjusted performance KPIs that is consistent with the level of risks undertaken / capital consumption in the generation of returns</li> </ul>
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<b>Maybank Group Variable Bonus</b>	<ul style="list-style-type: none"> <li>▪ <b>Group Performance</b> <ul style="list-style-type: none"> <li>▪ Bonus Funding is based on Group's ROE achievement and as a percentage of NPBT.</li> </ul> </li> <li>▪ <b>Business/Corporate Functions Performance</b> <ul style="list-style-type: none"> <li>▪ Performance Measures: Balanced Scorecard approach</li> <li>▪ Variable Bonus pool allocation to business/corporate functions takes into account the performance of each unit measure to the unit's balanced scorecard evaluated by Group President &amp; Chief Executive Officer (PCEO)</li> </ul> </li> <li>▪ <b>Individual performance</b> <ul style="list-style-type: none"> <li>▪ Performance Measures: Balanced Scorecard approach</li> <li>▪ Distribution of bonus based on staff performance.</li> </ul> </li> </ul>
<b>Long Term Incentive Plan</b>	<ul style="list-style-type: none"> <li>▪ Performance Restricted Share Units awards is subject to a three year performance period. The vesting of the awards at the end of the 3 year performance period will be dependent on the performance conditions set at company and individual level.</li> </ul>

## SENIOR MANAGEMENT

Senior Management for this purpose refers to the CEO and the Bank's senior officers reporting directly to CEO. The performance results of the senior management are reviewed by the Board periodically. Any remuneration payout is aligned to the actual performance of the sector and individual.

Each of the Senior Management carries Risk Management KPIs in his/her individual Scorecard, and are cascaded accordingly, where there are visible links between the CEO's Scorecard which constitute strategic objectives of the Sector, and the senior officers' individual goals and how they can contribute directly towards achieving the intended outcomes. The cascade of Risk Management KPIs among the Senior Management is relative to the differences in the type of jobs, ensuring that the KPIs are relevant to the job outcomes. Inputs from control functions and Board Committees are incorporated into sector and individual performance results.

Remuneration	Unrestricted		Deferred	
<b>Fixed Remuneration</b>				
Cash -based	CEO	RM1,830,000	-	-
	Senior Management - 11 headcount	RM6,440,000	-	-
<b>Variable Remuneration</b>				

Cash -based	CEO	RM675,000	-	-
	Senior Management 8 headcount	RM1,337,000	-	-

## Notes:

1. Figures presented in the table is in MYR. Currency exchange used for remuneration in foreign currency is based on average exchange rate for the year.
2. Two (2) headcounts were not paid by the Bank due to internal transfer was later than the payout date while one (1) headcount was not entitled at the payout date.
3. Senior Management includes other material risk taker.

Maybank Islamic will continue to focus on strengthening the expertise, capabilities and credibility of the employees, to uphold the principles of Shariah, while delivering on both the Bank's strategic priorities and the Bank's mission of "Humanising Financial Services".