

CORPORATE GOVERNANCE STATEMENT OF MAYBANK IB

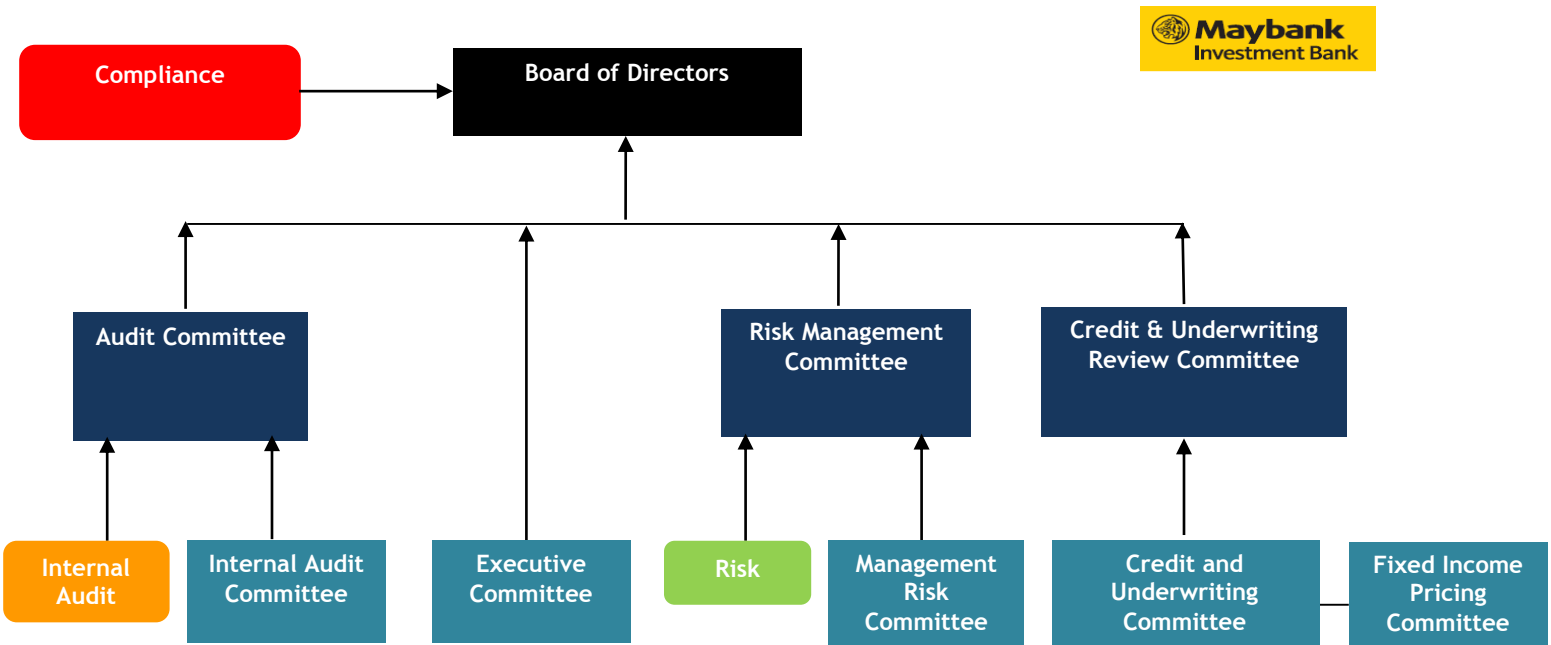
INTRODUCTION

The Board of Directors of Maybank IB views corporate governance as a fundamental process 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 five (5) directors. There are three (3) Independent Non-Executive Directors and one (1) Non-Independent Executive Director. 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*

(Appointed as Chairman w.e.f 1 March 2016)

Members

Datuk Abdul Farid Alias

- *Non-Independent Executive Director*

Mr. Lee Siang Korn @ Lee Siang Chin

- *Independent Non-Executive Director*

Mr. Hans Johan Patrik Sandin

- *Independent Non-Executive Director*

Mr. Goh Ching Yin

- *Independent Non-Executive Director*

(Appointed w.e.f 25 July 2016)

Secretary

Ms. Edleen Rehanie Ariffin (Company Secretary)

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)

- 68 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 as a Director and Chairman of Maybank IB on 22 August 2011 and 1 March 2016 respectively. Datuk Mohaiyani is also the Non-Independent Non-Executive Chairman of Malayan Banking Berhad (Maybank).

She was with Amanah Chase Merchant Bank Berhad and Seagrott & Campbell Sdn Bhd before starting her own stockbroking company Mohaiyani Securities Sdn Bhd in 1985 and assumed the role of Managing Director. During her active involvement in the stockbroking industry, she was appointed as Deputy Chairman of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Bhd) and Chairman of Association of Stockbroking Companies Malaysia. She had also been appointed 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 and National Advisory Council for Women, Ministry of Women, Family and Community Development.

Her current directorship in companies within the Maybank Group include as Chairman of Maybank (effective 1 April 2017), and Maybank Kim Eng Holding Limited and the Maybank Foundation. At present, she serves as a director of Capital Market Development Fund and she sits as a Board member of Universiti Teknologi Mara. She is also a member and trustee of the National Heart Institute Foundation, NUR Foundation, Perdana Leadership Foundation and National Council of Women's Organisations Malaysia.

Datuk Abdul Farid Alias

-Non-Independent Executive Director

- 49 years of age - Malaysian
- Master of Business Administration (Finance), Denver University, USA
- Bachelor of Science in Accounting, Pennsylvania State University, University Park, USA
- Advanced Management Programme, Harvard Business School, Harvard University, USA

Datuk Abdul Farid was appointed as a Director of Maybank IB on 1 June 2011. He serves as Chairman of the Credit and Underwriting Review Committee.

He joined the Maybank Group in 2009. He was the Head, International of Maybank and the Deputy President and Head, Global Banking before his appointment as Group President & Chief Executive Officer/Executive Director of Maybank in August 2013.

Prior to joining Maybank, he has over 20 years of experience in investment banking, corporate finance and capital markets with Aseambankers Malaysia Berhad (1992-1994), Schroders (1994-1995), Malaysian International Merchant Bankers Berhad (1996-1997), JPMorgan (1997-2005) and Khazanah Nasional Berhad (2005-2008).

His current directorships in companies within the Maybank Group include Group President & Chief Executive Officer and Executive Director of Maybank, Director of Maybank Ageas Holdings Berhad and Etiqa International Holdings Sdn Bhd as well as a Commissioner of PT Bank Internasional Indonesia Tbk. His directorships in other companies include as Chairman of Malaysian Electronic Payment System Sdn Bhd and Director of Cagamas Holdings Berhad, Asian Banking School Sdn Bhd and STF Resources Sdn Bhd.

Datuk Abdul Farid is currently the Chairman of the Association of Banks in Malaysia and Vice Chairman of the Asian Institute of Chartered Bankers. He is also a member of the ASEAN Banking Council, the Asian Bankers Association Policy Committee, the Visa Asia Pacific Senior Client Council, Investment Panel of Kumpulan Wang Persaraan (Diperbadankan) (KWAP) and the Emerging Markets Advisory Council of the Institute of International Finance, Washington DC.

Mr. Lee Siang Korn @ Lee Siang Chin

-Independent Non-Executive Director

- 68 years of age - Malaysian
- Fellow of the Institute of Chartered Accounts in England and Wales
- Member of the Malaysian Association of Certified Public Accountants

Mr. Lee was appointed as an Independent Non-Executive Director of Maybank IB on 9 December 2013. He serves as Chairman of the Audit Committee of the Board and member of the Risk Management Committee of the Board.

Mr. Lee had previously served as Chairman of Surf88.com Sdn Bhd and Managing Director of Arab Malaysian Securities Sdn Bhd, and has worked in corporate finance of leading investment banks in London, Sydney and Kuala Lumpur. Mr. Lee has held various public offices, and had served as a board member of the Kuala Lumpur Stock Exchange and as President of the Association of Stock Broking Companies in Malaysia.

His current directorships in companies within the Maybank Group include as a Director of Maybank Kim Eng Securities (Thailand) Public Company Limited. His directorships in other companies include the Star Media Group Berhad and Value Partners Group Ltd.

Mr. Hans Johan Patrik Sandin

-Independent Non-Executive Director

- 51 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 IB 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 started his banking career at Union Bank of Switzerland and served in various roles, focusing on Asian emerging markets debt, equity and derivatives products. Mr. Sandin then joined BNP Paribas, specializing in the fixed income division and hedging advisory, investment banking.

Mr. Goh Ching Yin

-Independent Non-Executive Director

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

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

Mr. Goh started his professional career with Peat Marwick Mitchell 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 as 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 tenure with the Securities Commission of Malaysia. He was also a member of the National Cyber Security Advisory Committee, Ministry of Science, Technology and Innovation Malaysia and member of 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 and director of Maybank Asset Management Group Berhad and Maybank Asset Management Sdn Bhd. His directorships in other companies include as director of Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Malaysia Berhad.

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 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 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 ensure that the required Anti Money Laundering/Counter Financing of Terrorism ("AML/CFT") measures are in place.
- (n) To set minimum standards and approve the AML/CFT policies, procedures and controls.
- (o) To designate Compliance Officers at Senior Management level with sufficient authority.
- (p) To regularly review and assess the measures adopted and implemented for AML/CFT.
- (q) To ensure regular independent audit of the internal AML/CFT measures to determine their effectiveness and compliance with AMLA.

- (r) To ensure that proper training programs on AML/CFT practices and measures for its employees are sufficiently and appropriately conducted.
- (s) 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.
- (t) To approve the compensation package and human resource policies pertaining to Management and staff of Maybank IB.
- (u) To approve changes to the corporate organization structure of Maybank IB.
- (v) To approve the succession planning policy and continuously monitor Senior Officers' performance.

In addition, the Board plays an advisory role and has oversight on the overall matters of Maybank Kim Eng Group and where necessary, the relevant matters will be tabled to the respective entity boards for approval.

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")

Dato' John Chong Eng Chuan (Dato' John Chong) was appointed as CEO of Maybank IB on 12 February 2014.

Dato' John Chong has been delegated certain responsibilities by the Board in his capacity as CEO, Maybank IB and Maybank Kim Eng Group and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the group.

He is responsible for spearheading Maybank IB and Maybank Kim Eng Group'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 Independent Non-Executive Directors, 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 Independent Non-Executive Director. Consistent with the Independence Policy and the recommendations of the Code, the Board via the NRC, assesses the independence of Independent Non-Executive Directors upon their appointment, re-appointment and annually.

Tenure of Independent Non-Executive Directors

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

Having said this, 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 believes that continued tenure may bring considerable stability to the Board and acknowledges the fact that it has benefited greatly from the presence of Independent Non-Executive Directors who have over time gained valuable insight into the Maybank 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 Non-Executive 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 Maybank Group to decide whether the said Director should continue to be designated as an Independent Non-Executive 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 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 Independent Non-Executive Directors to continue bringing independent and objective judgment to the board deliberations as well as considers if there is any ground or reason that has come to the attention of the NRC that may affect the independence status of Independent Directors.

The NRC undertakes the independence assessment via the Board and Peer Annual Assessment as well as the Fit and Proper Assessment exercise (described below), taking into accounts the Directors' skills, experience, contributions, background, economic and family relationships, tenure of directorship and the Independent Non-Executive Directors' self-declaration on their compliance with the independence criteria set out under BNM's Policy on Corporate Governance, the Listing Requirements as well as the Maybank Group's Independence Policy.

Pursuant to the assessment conducted for FY2016, the Board is satisfied that all the Independent Non-Executive Directors 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 Independent Non-Executive Directors, 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) Call for meetings of the Independent Directors.

In this respect, Maybank IB Board had agreed to appoint a Senior Independent Director at the Maybank Board to act as SID on Group basis and the necessary reporting to be made to the Maybank IB Board from time to time.

BOARD APPOINTMENTS

A formal and transparent procedure is in place vis-à-vis 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.

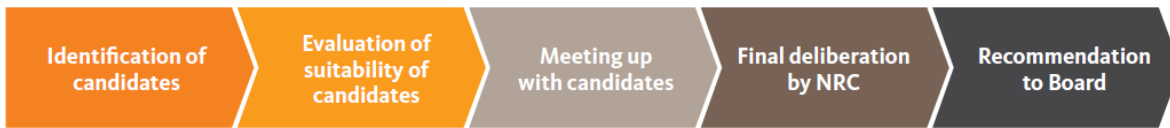
The Fit and Proper Policy, which sets out the attributes and qualifications required of a candidate to determine his/her suitability, include amongst others, requirements in respect of his/her management and leadership experience, which has to be at the most senior level in a reputable local or international 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. The Board believes that the membership and composition of the Board should be refreshed from time to time with new appointees whilst still ensuring continuity in meeting the Group's long term goals and objectives. 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, not only to ensure continuity in meeting its long term goals and objectives but also to affirm that the knowledge, experience and skill sets of its members would be well suited to meet the demands of the ever changing landscape of the financial industry.

The NRC plays a major role in the recruitment and selection process of potential candidates, which includes procuring from time to time the curriculum vitae of prospective candidates discreetly from various internal and external sources (including institutions which maintain salient details on directors with financial industry background) for its review and consideration, to ensure that the Board would always have a steady pool of talent for selection whenever there is a need to appoint new directors.

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.

Apart from the BNM Approved Tenure, the Directors Tenure Policy limits the tenure of all Non-Executive Directors in the following manner:-

- (a) upon completion of a 12 year period;
- (b) upon attaining the age of 70 years; or
- (c) in the case of Independent Non-Executive Directors, upon completion of a cumulative period of 9 years.

Notwithstanding the limitations as mentioned above, the Board may at its discretion, request the affected Director to nevertheless remain serving the Board in appropriate cases, and in the case of an Independent Non-Executive Director (having reached the cumulative period of 9 years), to seek shareholders' approval for the affected Director to remain on the Board as an Independent Non-Executive Director or alternatively, to re-designate the affected Director as a Non-Independent 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 and Individual Director's Effectiveness

In line with BNM's Policy on Corporate Governance, Maybank Group's NRC has established clear selection criteria, processes and procedures to assess each director's ability to contribute to the effective decision-making of the Board. In addition, an assessment would also be undertaken to gauge the effectiveness of the relevant Board Committees.

The Board and Peer Annual Assessment exercise is primarily based on answers to a detailed questionnaire prepared internally incorporating applicable best practices. The assessment questionnaire is distributed to all the respective Board members and covers topics which include, amongst others, the responsibilities of the Board in relation to strategic planning, oversight of senior management's performance, risk management, succession planning for the Board and senior management, financial reporting, internal control, human capital management, corporate social responsibility and sustainability strategies, investors relations, corporate governance, and shareholders' interest and value. Other areas being assessed include composition and size of the Board and Board Committee, Board's remuneration, contribution of each and every member of the Board and Board Committee at meetings, the Board's decision-making and output, information and support rendered to the Board.

The Peer Annual Assessment exercise involves the evaluation of the performance of each and every member of the Board by their fellow directors, and the findings and results of such evaluation would only be made privy to the Chairman of the Board and the NRC. The Chairman would discuss with members on areas of performance improvement.

From the outcome of the assessment, the Chairman of the Board (and the Chairman of the NRC, in appropriate circumstances), may discuss with individual members the areas in which the individual's performance can be improved, as well as their training needs.

Board Meetings

The Board meets on monthly basis, with additional meetings convened between the scheduled meetings to consider matters/proposals that require expeditious deliberations or decisions by the Board. Board meetings are scheduled in advance before the commencement of each financial year so as to enable the Directors to plan ahead and accommodate the meetings into their schedule.

During the financial year ended 31 December 2016, the Board met thirteen (13) times to deliberate and consider a variety of significant matters that required its guidance and approval. All the Directors had exceeded the 75% meeting attendance requirement in accordance with BNM's Policy on Corporate Governance except for Dato' Larry Gan Nyap Liou @ Gan Nyap Liow who had resigned on 23 July 2016.

Details of attendance of each Director on the Board and respective Board Committees of Maybank IB during the financial year ended 31 December 2016 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 ¹	13/13	100	n/a	n/a	n/a	n/a	n/a	n/a
Datuk Abdul Farid Alias	13/13	100	16/16	100	n/a	n/a	n/a	n/a
Mr. Lee Siang Korn @ Lee Siang Chin	12/13	92	n/a	n/a	8/8	100	7/9	78
Mr. Hans Johan Patrik Sandin	12/13	92	15/16	94	8/8	100	9/9	100
Mr. Goh Ching Yin ²	6/6	100	7/7	100	4/4	100	4/4	100
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow ³	4/6	67	8/9	89	4/4	100	5/5	100
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor ⁴	2/2	100	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

1. *Appointed as Chairman of Maybank IB with effect from 1 March 2016.*
2. *Appointed as Director and member of CURC, ACB and RMC with effect from 25 July 2016.*
3. *Resigned as Director and ceased as member of CURC, ACB and RMC with effect from 23 July 2016.*
4. *Resigned as Director and Chairman of Maybank IB with effect from 1 March 2016.*

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.

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 within one week after the meeting 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 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. The level of Directors' remuneration is comparable in order to attract and retain Directors of such calibre for the effective management and operations of the Group.

The remuneration of all Directors is reviewed and recommended by the NRC for the approval of the Board and the Board as a whole will ensure that it is aligned to the market and to the Directors' duties and responsibilities. All Directors shall abstain from the deliberation on their individual remuneration.

The present remuneration structure as adopted by the Board is based on the previous structure approved by the shareholder, illustrated as follows:

	Fee Per Annum (RM)
Board - Chairman - Member (Non-Executive Director)	157,500
	116,250
Board Committees - Chairman - Member	28,500
	25,000

A summary of the total remuneration received/receivable by the Directors, as distinguished between Executive and Non-Executive Directors, in aggregate with categorisation into appropriate components for the financial year ended 31 December 2016 is as follows:

	Directors' Fees (RM)	Other Emolument [#] (RM)	Benefits in kind* (RM)	Total (RM)
Executive Director				
Datuk Abdul Farid Alias ¹	144,750	29,000	-	173,750
Non-Executive Directors				
Datuk Mohaiyani Shamsudin ²	150,625	13,000	574,444	738,069
Mr. Lee Siang Chin	169,750	27,000	-	196,750
Mr. Hans Johan Patrik Sandin	192,501	44,000	-	236,501
Mr. Goh Ching Yin	83,286	22,000	-	105,286
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor ³	26,250	2,000	-	28,250
Dato' Larry Gan Nyap Liou ⁴	109,416	21,000	-	130,416
GRAND TOTAL	876,578	158,000	577,444	1,609,022

Other Emolument refers to meeting allowances.

* Benefits in kind refers to driver, company car and fuel allowance for the Chairman.

1. Datuk Abdul Farid Alias is the Group President & Chief Executive Officer at Maybank Group.
2. Appointed as Chairman with effect from March 1, 2016.
3. Resigned as a Chairman/Director with effect from March 1, 2016.
4. Resigned as director with effect from July 23, 2016.

Rewards and Remuneration

Maybank IB total rewards strategy is aligned to Maybank Group's strategic objectives in nurturing a high-performance culture that generates growth and delivers on our vision. We embrace 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 IB's Total Rewards is delivered holistically via the 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"> 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.
Variable Cash	<ul style="list-style-type: none"> Reinforce pay-for-performance culture and adherence to Group's core values. Variable cash award design that is aligned with the long-term performance of the Group through our deferral and claw-back policies.
Long Term Incentive Awards	<ul style="list-style-type: none"> Attract and retain employees who have a direct line of sight to the long term sustainable performance of the Maybank IB.
Benefits	<ul style="list-style-type: none"> Employee benefits provides employees with financial protection, access to health care, paid time-off, programs to support work/life balance, etc. and aims to remain relevant for a diverse workforce. The benefits programs, which blend all elements including cost optimization and employee/job needs, is reviewed regularly with proactive actions taken so as 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 geographies

Total Compensation ensures that employees are paid equitably in comparison to the market, delivered via cash and shares / share-linked instruments. The mix of cash and shares / share-linked instruments is aligned to our 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 IB 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 Our Remuneration Framework that Promotes Alignment between Risk and Rewards

Our 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 company. 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 Services Board's (FSB) guidelines on sound remuneration system issued in 2009 in response to sub-prime/financial crisis, we have implemented the following to ensure we meet global best practice, making us worthy of the recognitions we had been receiving locally, regionally and some globally, on our People management & development Infrastructure and Practices:

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

Balanced Scorecard	<ul style="list-style-type: none">▪ We inculcate pay-for-performance culture by ensuring a close linkage between our compensation and performance outcome as measured through the balanced scorecard.▪ Our current 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
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<p>Maybank IB Incentive Plan / Variable Bonus</p>	<ul style="list-style-type: none"> ▪ Group Performance <ul style="list-style-type: none"> ▪ The group achievement on Pre-bonus Profit Before Tax (PBPBT) ▪ Business/Corporate Functions Performance <ul style="list-style-type: none"> ▪ Performance Measures: Balanced Scorecard approach ▪ Incentive/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 Chief Executive Officer (CEO) ▪ Individual performance <ul style="list-style-type: none"> ▪ Performance Measures: Balanced Scorecard approach ▪ Distribution of bonus based on staff performance.
<p>Long Term Incentive Plan</p>	<ul style="list-style-type: none"> ▪ 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.

Senior Management

Senior Management for this purpose is defined as members of Executive Committee (“EXCO”) reporting direct to CEO of Maybank IB. 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 carry Risk Management KPI in their individual Scorecard, and are cascaded accordingly. Inputs from control functions and Board Committees are incorporated into sector and individual performance results.

Total value of remuneration award for the CEO of Maybank IB for the financial year:-

Total value of remuneration awards for the financial year	Unrestricted	
Fixed remuneration		
- Cash-based		RM1,157,800
Variable remuneration		
- Cash-based		RM1,027,200

Total value of remuneration award for the Senior Management and material risk takers of Maybank IB for the financial year:-

Total value of remuneration awards for the financial year	Unrestricted		Deferred	
	Headcount	Value (RM)	Headcount	Value (RM)
Fixed remuneration				
- Cash-based	29 headcount	RM26,550,830	-	-
- Shares and share-linked instruments	-	-	-	-
- Other	-	-	-	-
Variable remuneration				
- Cash-based	29 headcount	RM22,035,894	6 headcount	RM2,723,288
- Shares and share-linked instruments	-	-	-	-
- Other	-	-	-	-

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 in accordance with Maybank IB's Policy and Procedure on Access to Independent Professional Advice, Senior Management and Company Secretary by Directors of Maybank IB. Copies of any reports, 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 pertinent issues, which may have an impact on Maybank IB's interest, growth and performance.

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 2016 for the financial year ended 31 December 2016.

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 and knowledge management, 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

During the year, all the Board members have attended various training programmes and workshops on issues relevant to the Group, including key training programme for Directors of financial institutions, namely the Financial Institutions Directors' Education (FIDE) and Capital Market Director Programme (CMDP). All directors have attended the mandatory FIDE and CMDP training. All new directors are required to attend an induction programme within three months from their appointment as a director. Mr. Goh Ching Yin, who was appointed on 25 July 2017, had attended the induction programme accordingly.

Trainings programmes, conferences and forums attended by the Directors for the financial year ended 31 December 2016 were as follows:

Internal Seminars/Conferences

- Invest Malaysia 2016, Kuala Lumpur by Maybank Investment
- Invest Malaysia 2016, London by Maybank Investment
- Invest ASEAN 2016, Singapore by Maybank Investment
- Invest ASEAN 2016, Indonesia by Maybank Investment
- Maybank Group Annual Risk Workshop
- Maybank Group Compliance Training Programme - AMLA Malaysia & Bank's AML Program
- Maybank Group AML Workshop and Seminar, Jakarta
- Maybank Group GURU SERIES: Integrity Dilemma By Mr. Simon Culhan, Chartered FCSI, CEO Chartered Institute for Securities & Investments

External Seminars/Conferences

- Sustainability Engagement Series for Directors and CEOs of Listed Companies by Bursa Malaysia
- Malaysian Institute of Corporate Governance Seminar: Governance in Taxation & Budget 2017
- The Companies Bill 2015: A Brave New World? by Rahmat Lim & Partners
- Cyber Security Resilience Workshop by Bursa Malaysia
- Panel Speaker and Participant for the Asian Institute of Chartered Bankers GBC Discourse Series: Catching the FinTech Wave
- Capital Market Directors Programme by Securities Industry Development Centre (SIDC):
Module 1 - Directors as Gatekeepers of Market Participants
Module 2A - Business Challenges & Regulatory Expectation - What Directors Need to Know (Equities & Futures Broking)
Module 2B - Business Challenges & Regulatory Expectations (Fund Management)
Module 3 - Risk Oversight and Compliance-Action Plan for Board
Module 4 - Current & Emerging Regulatory Issues in the Capital Market
- Leaders Room Session with Anwar Jumabhoy
- FIDE Forum: Distinguished Board Leadership Series - "Avoiding Financial Myopia"
- FIDE Forum: Distinguished Board Leadership Series - "Effective Board Evaluation"
- Corporate Governance Programme-Board Chairman Series Part 2 - Leadership Excellence from the Chair
- FIDE Forum: Technology-based Innovation that counts
- FIDE Forum: Annual Dialogue with the Governor of Bank Negara Malaysia
- FIDE Forum: FinTech: Business Opportunity or Disruptor

- FIDE Core Programme for 2016:
 - Module A - Corporate Governance Principles and Director's role and responsibilities.
 - Module B - Board oversight of Management, Board's role in setting strategy and preventing failures, dealing with interpersonal issues and ethical quandaries.

BOARD PROFESSIONALISM

Directorships in Other Companies

Consistent with the best practices and recommendations of the Green Book, each member of the Maybank IB Board holds not more than five directorships in public listed companies. This has enabled the Directors to focus, commit and devote sufficient time in discharging their duties and responsibilities effectively.

Whilst 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, 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 Group.

The NRC assesses the independence of the Independent Non-Executive Directors who hold directorships in licensed subsidiaries in the Maybank Group, pursuant to a declaration made that they are not taking instructions from any person including Maybank. In this respect, all the Independent Non-Executive Directors of Maybank IB complied with the relevant requirements of BNM's Policy on Corporate Governance. In addition, the respective key subsidiaries within the Group also appoint other Independent Non-Executive Directors who are not members of the Maybank IB Board to ensure an optimal balance between board members in terms of independent internal and external directors.

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.

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

The ACB's 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) Evaluate performance and review relevant Human Resource related issues of the Chief Internal Auditor and 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.

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 Independent Non-Executive Directors.

The members of the CURC are as follows:-

Chairman

Datuk Abdul Farid Alias - *Non-Independent Executive Director*

Members

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

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

(Appointed w.e.f 25 July, 2016)

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 Independent Non-Executive Directors.

The members of the RMC are as follows:

Chairman

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

Members

Mr. Lee Siang Korn @ Lee Siang Chin - Independent Non-Executive Director
Mr. Goh Ching Yin - Independent Non-Executive Director
(Appointed w.e.f 25 July, 2016)

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

Dato' Dr Tan Tat Wai (Acting Chairman) - *Independent Non-Executive Director*

Members

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

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

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

Datin Paduka Jamiah Abdul Hamid - *Independent Non-Executive Director*

(Appointed as member with effect from 3 January 2017)

Secretary

Mr. Wan Marzimin Wan Muhammad (Company Secretary of Maybank)

The duties 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.