

**MAYBANK SINGAPORE LIMITED**  
(Company Registration No.: 201804195C)

**CORPORATE GOVERNANCE REPORT**  
**(FOR THE PERIOD FROM 5 NOVEMBER 2018 TO 31 DECEMBER 2019)**

## **INTRODUCTION**

Maybank Singapore Limited (“**MSL**” or the “**Bank**”) was incorporated in Singapore on 1 February 2018 and is licensed by the Monetary Authority of Singapore (“**MAS**”) as a bank with qualifying full bank privileges to engage in banking business in Singapore with effect from 5 November 2018. The Bank is an indirectly wholly-owned subsidiary of Malayan Banking Berhad (“**Maybank**” or the “**Group**”).

The Board of Directors of the Bank (the “**Board**”) views corporate governance as an essential catalyst contributing towards achieving long term shareholder value, taking into account the interest of other stakeholders. In order to meet this objective, the Board continuously strives to refine the Bank’s corporate governance practices and processes to meet the increasingly challenging operating environment. This is to ensure that the Bank’s competitive edge both locally and regionally remains undiminished.

The Bank’s Corporate Governance Framework is premised upon the following statutory provisions and guidelines:-

1. Banking (Corporate Governance) Regulations 2005 (“**CG Regulations**”); and
2. Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by MAS on 3 April 2013 (“**CG Guidelines**”).

Where the Bank’s practices differ from the CG Guidelines with express disclosure requirements, the rationale is explained in this report.

## **A. BOARD LEADERSHIP AND EFFECTIVENESS**

### **Board Activities**

The business and affairs of the Bank are managed by, or under the direction or supervision of, the Board, which also has the responsibility to approve and periodically review the overall business strategies and significant policies of the Bank. The Board also sets the Bank’s core values, adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations.

The key responsibilities of the Board include:

- (a) approving the business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank’s risk profile;
- (b) reviewing the selection, performance, remuneration and succession plans of the Chief Executive Officer (“**CEO**”) and members of the Senior Management;
- (c) overseeing the implementation of the governance framework and internal control framework, and periodically reviewing whether these remain appropriate in light of material changes to the size, nature and complexity of their operations;
- (d) ensuring a reliable and transparent financial reporting process;
- (e) promoting, together with the Senior Management, a sound corporate culture which reinforces ethical, prudent and professional behaviour and such culture should discourage excessive risk taking activities;
- (f) promoting sustainability through appropriate environmental, social and governance (“**ESG**”) considerations in business strategies;
- (g) overseeing and approving the recovery and resolution of as well as business continuity plans to restore financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
- (h) promoting timely and effective communication with the regulators on matters affecting or that may affect safety and soundness of the Bank.

The matters reserved for the Board's decision include approving the following:

- (a) the strategies, business plans and annual budget for the Bank;
- (b) the succession plan and talent management plans for the Bank;
- (c) the performance management framework including setting of the performance parameters for the Bank's balance scorecard for each financial year;
- (d) the corporate organisation structure and any changes thereto;
- (e) the policies relating to corporate branding, public relations, investor relations and stakeholders communication programmes; and
- (f) the Bank's strategies on promotion of sustainability focusing on ESG aspects.

### **Board Delegation**

The Board has established an Audit Committee of the Board ("**ACB**") on 8 October 2018 and a Risk Management and Compliance Committee of the Board ("**RMCC**") on 1 August 2019. The Board Committees have been constituted in accordance with the CG Regulations and each Board Committee has written terms of reference which set out the committee's responsibilities. Each Board Committee provides a report of its activities and minutes of meetings to the Board on a timely basis. In turn, the Board may also issue relevant instructions or request to such committees to conduct reviews concerning such matters or on any other matters which concern them, in accordance with their respective terms of reference.

The ACB, in addition to such other responsibilities as may be determined by the Board or provided under written law, is responsible for the adequacy of the external and internal audit functions of the Bank (including reviewing the scope and results of audits carried out in respect of the operations of the Bank) and the independence and objectivity of the Bank's external auditors.

The RMCC, in addition to such other responsibilities as may be determined by the Board or provided under written law, is responsible for overseeing the establishment and the operation of an independent risk management system for managing risks on an enterprise-wide basis and the adequacy of the risk management function of the Bank, including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines. The RMCC also ensures that the regulatory compliance risk is effectively managed to support the Bank's business growth in line with the Bank's aspiration and risk appetite.

As allowed under the CG Regulations, the Board undertakes the role of a nominating committee. The MAS has, pursuant to Regulation 39(1) of the CG Regulations, exempted the Bank from forming a remuneration committee as the responsibilities of such committee are undertaken by the Group Nomination and Remuneration Committee of Maybank. The Board has not established a Board executive committee.

The Board has delegated certain authorities to the CEO and the Senior Management, with powers of sub-delegation in relation to the day-to-day management of all business and support functions of the Bank within certain financial limits and in accordance with certain directions.

### **Board Composition**

Currently, the Board consists of seven (7) Directors, comprising:

- (a) three (3) Non-Independent Non-Executive Directors; and
- (b) four (4) Independent Non-Executive Directors.

The Board comprises all non-executive directors with independent directors making up more than half of the Board. The Board's assessment of the director's independence is set out on pages 12 to 13 of this

## Corporate Governance Report.

The Board determines the ability of the Independent Non-Executive Directors (“INED”) to continue bringing independent and objective judgment to the Board deliberations. Additionally, the Board considers if there are any grounds or reasons that have come to their attention that may affect the independent status of the INEDs.

The Board is committed in ensuring diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity from a number of different aspects, including cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

The Board assess on an annual basis that each director remains fit and proper and qualified for the office, taking into account the director’s track record, age, experience, capabilities, skills and such other relevant facts as may be determined by the Board.

## Information on Directors

### **DATUK R. KARUNAKARAN**

Chairman

Non-Independent Non-Executive Director



Datuk R. Karunakaran is the Chairman and a Non-Independent Non-Executive Director of MSL. He joined the Board on 1 October 2018.

Datuk R. Karunakaran joined the Malaysian Investment Development Authority (“MIDA”) in August 1972 and served in various positions including Deputy Director, Director, Deputy Director-General and Director-General. Having served MIDA for about 36 years, he retired as the Director-General of MIDA in June 2008.

### **QUALIFICATION**

- Postgraduate Course on Industrial Project Planning, University of Bradford, UK
- Bachelor of Economics (Accounting) (Hons), University of Malaya, Malaysia

### **WORKING EXPERIENCE AND DIRECTORSHIPS**

#### **Present:**

##### **Within Maybank Group**

- Director of Malayan Banking Berhad
- Chairman of Maybank Ageas Holdings Berhad
- Chairman of Etiqa International Holdings Sdn Bhd

##### **Other Companies/Bodies**

- Chairman of Integrated Logistics Berhad
- Director of Bursa Malaysia Berhad
- Director of IOI Corporation Berhad
- Director of KR Advisory Sdn Bhd

#### **Past directorships in companies in last three years:**

- Chairman of Etiqa Life Insurance Berhad

- Chairman of Etiqa General Insurance Berhad
- Chairman of Etiqa Family Takaful Berhad
- Director of Sime Darby Motors Sdn Bhd
- Director of Maybank (Cambodia) Plc
- Director of Maybank Asset Management Sdn Bhd

### **DATUK ABDUL FARID BIN ALIAS**

Non-Independent Non-Executive Director



Datuk Abdul Farid Alias is a Non-Independent Non-Executive Director of MSL. He joined the Board on 1 October 2018.

Datuk Abdul Farid is the Group President & Chief Executive Officer of Malayan Banking Berhad. Prior to that, he was the Deputy President and Head, Global Banking of Malayan Banking Berhad. He joined the Maybank Group in 2008.

Prior to joining the Maybank Group, he has over 20 years of experience in investment banking, corporate finance and capital markets.

#### **QUALIFICATION**

- Masters in Business Administration (Finance), University of Denver, USA
- Bachelor of Science in Accounting, Pennsylvania State University, University Park, USA
- Advanced Management Programme, Harvard Business School
- Chartered Banker, Asian Institute of Chartered Bankers

#### **WORKING EXPERIENCE AND DIRECTORSHIPS**

##### **Present:**

##### **Within Maybank Group**

- Executive Director / Group President & Chief Executive Officer of Malayan Banking Berhad
- President Commissioner of PT Bank Maybank Indonesia Tbk

##### **Other Companies/Bodies**

- Director of Cagamas Holdings Berhad
- Director of Payments Network Malaysia Sdn Bhd
- Director of STF Resources Sdn Bhd
- Director of Financial Industry Collective Outreach
- Director of Asian Banking School Sdn Bhd
- Chairman of The Association of Banks in Malaysia
- Chairman of ASEAN Bankers Association
- Vice Chairman of Asian Institute of Chartered Bankers
- Member of the ASEAN Banking Council
- Member of the Asian Bankers Association Policy Advocacy Committee
- Member of Visa Asia Pacific Senior Client Council
- Member of the Emerging Markets Advisory Council of The Institute of International Finance, Washington DC
- Member of Board of Visitors of Pennsylvania State University Smeal College of Business
- Panel of Kumpulan Wang Amanah Negara

##### **Past directorships in companies in last three years:**

- Director of Etiqa International Holdings Sdn Bhd

- Chairman of Malaysian Electronic Payment System Sdn Bhd
- Director of Maybank Ageas Holdings Berhad
- Director of Maybank Investment Bank Berhad

### **ANTHONY BRENT ELAM**

Non-Independent Non-Executive Director



Mr Anthony Brent Elam is a Non-Independent Non-Executive Director of MSL. He joined the Board on 1 October 2018 and was appointed as a member of the Audit Committee of the Board on 8 October 2018.

Mr Elam had been a Director of PT Bank Central Asia Tbk (“**BCA**”) since 2002. He was also the Chief Risk Officer and Director of Risk Management of BCA, responsible for Enterprise Wide Risk Management and Loan Recovery. He stepped down from the said positions in 2016.

Prior to joining BCA, he served as Advisor to the Chairman of the Indonesian Bank Restructuring Agency. He also previously served as Advisor at PT Bahana Pembinaan Usaha Indonesia from November 1996 to December 2001, as Vice President at Dieng Djaya from February 1994 to November 1996, and as Vice President of Citibank from 1986 to 1994.

#### **QUALIFICATION**

- Master in Business Administration (Finance and International Business), New York University, USA
- Bachelor of Science in Foreign Service, Georgetown University, USA

#### **WORKING EXPERIENCE AND DIRECTORSHIPS**

##### **Present:**

##### **Within Maybank Group**

- Director of Malayan Banking Berhad
- Chairman of Maybank (Cambodia) Plc

##### **Other Companies/Bodies**

- President Commissioner of PT Lombok Saka

##### **Past directorships in companies in last three years:**

- Independent Director of PT. Sarana Menara Nusantara Tbk

### **SPENCER LEE TIEN CHYE**

Independent Non-Executive Director



Mr Spencer Lee is an Independent Non-Executive Director of MSL. He joined the Board on 1 October 2018 and was appointed as Chairman of the Audit Committee of the Board on 8 October 2018.

Mr Lee served the Maybank Group for more than 30 years in various executive capacities, including as the Head of Consumer Banking, Head of International Banking and Country Head for Maybank Singapore before retiring as Advisor, Maybank in November 2008.

**QUALIFICATION**

- Fellow of the Institute of Chartered Accountants (England and Wales)
- Member of the Association of Certified Public Accountants, Malaysia
- Member of the Malaysian Institute of Accountants

**WORKING EXPERIENCE AND DIRECTORSHIPS**

**Present:**

**Within Maybank Group**

- Director of Maybank (Cambodia) Plc

**Other Companies/Bodies**

Nil

**Past directorships in companies in last three years:**

- Commissioner of Board of Commissioners of PT Bank Maybank Indonesia Tbk
- Director of Boardroom Limited

**WONG HENG NING KEVIN**

Independent Non-Executive Director



Mr Kevin Wong is an Independent Non-Executive Director of MSL. He joined the Board on 1 October 2018. He was appointed as a member of the Audit Committee of the Board on 8 October 2018 and Chairman of the Risk Management and Compliance Committee of the Board on 1 August 2019.

Mr Wong was a partner of Linklaters from 2000 to 2017, and spent his career at the firm in London, Hong Kong, Shanghai and Singapore. He was the managing partner of the Singapore office of Linklaters for 13 years, leading the development of the office from an offshore law firm, through a joint law venture and as a qualifying foreign law practice since 2013.

Mr Wong had been cited as a leading lawyer in Singapore Capital Markets by Chambers Global, Chambers Asia and the Asia Pacific Legal 500 for more than 10 years. Mr Wong's main area of practice was in equity and debt capital markets, with extensive experience advising underwriters and issuers in a broad range of international capital markets transactions throughout the Asia-Pacific region. Mr Wong retired from legal practice in 2018.

**QUALIFICATION**

- Magdalen College, Oxford University, B.A. (Jurisprudence) (First Class Honours)
- Yale University, B.A. Economics
- Solicitor of the Senior Courts of England and Wales
- Solicitor of the High Court of the Hong Kong Special Administrative Region
- Advocate and Solicitor of the Supreme Court of Singapore

**WORKING EXPERIENCE AND DIRECTORSHIPS**

**Present:**

**Within Maybank Group**

Nil

**Other Companies/Bodies**

- Director of Accounting and Corporate Regulatory Authority of Singapore (“ACRA”)
- Chairman of Public Accountants Oversight Committee of ACRA
- Director of Done Next Pte. Ltd.
- Director of Done Next Holdings AG
- Director of Done Next Limited

**Past directorships in companies in last three years:**

Nil

**LEE YONG GUAN**

Independent Non-Executive Director



Mr Lee Yong Guan is an Independent Non-Executive Director of MSL. He joined the Board on 1 October 2018 and was appointed as a member of the Risk Management and Compliance Committee of the Board on 1 August 2019.

Mr Lee joined Visa Inc. in 1985 where he held various executive positions from 1985 to 2010 including Chief Administration Officer, Chief Financial Officer, Chief Operating Officer (Asia Pacific) and Regional President (Asia Pacific). Subsequently, he spent more than 5 years in Shanghai as Special Advisor of China UnionPay and Director of UnionPay International Co Ltd, a wholly owned subsidiary of China UnionPay.

Mr Lee has been appointed as adjunct Teaching Mentor of Singapore Management University and panel of Start Up Advisors at SMU Institute of Innovation & Entrepreneurship.

**QUALIFICATION**

- Association of Certified and Chartered Accountant (Lee Foundation Award Winner)
- Advanced Management Program, Harvard University
- Member of Advisory Board, School of Accountancy, Singapore Management University (2004 - 2016)
- Fellow of the Singapore Certified Public Accountants of Singapore
- Fellow of the Association of Certified and Chartered Accountant

**WORKING EXPERIENCE AND DIRECTORSHIPS**

**Present:**

**Within Maybank Group**

Nil

**Other Companies/Bodies**

- Director of Manufacturing Integration Technology Ltd.
- Special Advisor of Yalamanchili Pte Ltd

**Past directorships in companies in last three years:**

- Director of Red Dot Payment Pte Ltd
- Director of UnionPay International Co Ltd (China)

**RENATO TINIO DE GUZMAN**

Independent Non-Executive Director



Mr Renato Tinio De Guzman is an Independent Non-Executive Director of MSL. He joined the Board on 1 July 2019 and was appointed as a member of the Risk Management and Compliance Committee of the Board on 1 August 2019.

An accomplished banker, Mr De Guzman helped spur the growth of the private banking business in Asia while being the Chief Executive Officer of ING Asia Private Bank (IAPB) which was renamed as Bank of Singapore after it was acquired by Oversea-Chinese Banking Corporation in 2010.

**QUALIFICATION**

- Bachelor of Science in Management Engineering (Ateneo de Manila University)
- Master of Business Administration (with Distinction), Katholieke Universiteit, Leuven, Belgium
- Masters in Management, McGill University, Canada

**WORKING EXPERIENCE AND DIRECTORSHIPS**

**Present:**

**Within Maybank Group**

- Director of Maybank Philippines Incorporated

**Other Companies/Bodies**

- Chairman of Nueva Ecija Good Samaritan Health Systems, Inc.
- Director of Investment & Capital Corporation of the Philippines
- Director of JG Summit Holdings, Inc.
- Director of Sari-Monde Foods Corporation

**Past directorships in companies in last three years:**

- Director of Malayan Banking Berhad
- Chairman of Government Service Insurance System

**Separation of Roles and Responsibilities between the Chairman and the Chief Executive Officer**

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

Datuk R. Karunakaran is the Non-Independent and Non-Executive Chairman of the Board. As the Chairman of the Board, Datuk R. Karunakaran's roles and responsibilities include the following:

- (a) to lead the Board to ensure its effectiveness on all aspects of its role;
- (b) to set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic and critical issues;
- (c) to promote a culture of openness and constructive debate at the Board;
- (d) to ensure that the Directors receive complete, adequate and timely information;

- (e) to ensure effective communication with stakeholders;
- (f) to encourage constructive relations within the Board and between the Board and the Senior Management;
- (g) to facilitate the effective contribution of all Directors;
- (h) to demonstrate and promote high standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders.
- (i) to encourage healthy debates on issues being deliberated to reflect an appropriate level of skepticism and independence;
- (j) to ensure that where necessary each resolution of the Board is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- (k) to take the lead in ensuring the appropriateness and effectiveness of the succession planning programme for the Board and the Senior Management;
- (l) to maintain a healthy working relationship with the CEO and provide the necessary support and advice as appropriate; and
- (m) to lead efforts to address the Board's developmental needs.

The CG Guidelines have recommended the appointment of a lead independent director where the Chairman is not an independent director. The Board is of the view that it is not necessary to have a lead independent director as there is a strong independence element on the Board with more than half of the Board consisting of Independent Directors. The Board also has full and unrestricted access to all information pertaining to the Bank's business and affairs as well as access to the Senior Management of the Bank. Furthermore, the Independent Directors are free to raise queries with and provide feedback to the Chairman on an ongoing basis.

Dr John Lee Hin Hock is the CEO of the Bank. He leads the Senior Management team, implements the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board, and promotes a sound corporate culture which re-inforces ethical, prudent and professional conduct. The CEO, assisted by the Senior Management, bears the responsibility of the day-to-day management of the Bank.

### **Board and Committee Meetings**

The Board and Board Committees are held at least four (4) times a year pursuant to the Terms of Reference of the Board and Board Committees respectively. The meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead.

The Bank's Constitution provides that the Directors can participate in a meeting of the Board or Board Committees by means of a conference telephone or video conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Prior to each Board or Board Committee meeting, an agenda together with reports/papers and other reference materials for each agenda item to be discussed will be forwarded to each Director before the scheduled meeting to enable the Directors to obtain further clarification or explanation, where necessary, in order to be adequately apprised of the matters before the meeting.

The Board and Board Committees maintain records of all their meetings, including discussions on key deliberations and decisions taken.

Details of attendance of each Director at Board and Board Committee meetings held during the period are set out in the tables below:

**Financial Period Ended 31 December 2018 (“FY2018”)**

Name of Directors	Board <sup>1</sup> Number of Meetings			ACB <sup>2</sup> Number of Meetings		
	Held	Attended	%	Held	Attended	%
Datuk R. Karunakaran	2	2	100	-	-	-
Datuk Abdul Farid bin Alias	2	2	100	-	-	-
Anthony Brent Elam	2	2	100	1	1	100
Spencer Lee Tien Chye	2	2	100	1	1	100
Wong Heng Ning Kevin	2	2	100	1	1	100
Lee Yong Guan	2	2	100	-	-	-

**Financial Year Ended 31 December 2019 (“FY2019”)**

Name of Directors	Board Number of Meetings			ACB Number of Meetings			RMCC <sup>4</sup> Number of Meetings		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
Datuk R. Karunakaran	9	9	100	-	-	-	-	-	-
Datuk Abdul Farid bin Alias	9	8	89	-	-	-	-	-	-
Anthony Brent Elam	9	9	100	9	9	100	-	-	-
Spencer Lee Tien Chye	9	9	100	9	9	100	-	-	-
Wong Heng Ning Kevin	9	9	100	9	9	100	2	2	100
Lee Yong Guan	9	8	89	-	-	-	2	2	100
Renato Tinio De Guzman <sup>3</sup>	3	3	100	-	-	-	2	2	100

**Notes:**

<sup>1</sup> The Board was constituted on 1 October 2018 with its first meeting held on 8 October 2018.

<sup>2</sup> The ACB was established on 8 October 2018 with its first meeting held on 21 November 2018. The ACB members are Mr Spencer Lee Tien Chye (Chairman), Mr Anthony Brent Elam and Mr Wong Heng Ning Kevin.

<sup>3</sup> Mr Renato Tinio De Guzman was appointed as an Independent Non-Executive Director of the Bank on 1 July 2019.

<sup>4</sup> The RMCC was established on 1 August 2019 with its first meeting held on 12 September 2019. The RMCC members are Mr Wong Heng Ning Kevin (Chairman), Mr Lee Yong Guan and Mr Renato Tinio De Guzman.

**Board Membership and Key Appointment Holders**

The Board (which performs the functions of a nominating committee) is responsible for establishing a formal and transparent procedure for the nomination and appointment of new Directors to the Board. Such responsibilities include screening, conducting initial selection of internal and external candidates and performing the requisite evaluation and assessment on the candidates’ ability to discharge their duties effectively and efficiently. The Board also ensures that the candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge their role as a director.

Apart from complying with the conditions on directors’ independence as stipulated in the CG Regulations and the CG Guidelines, the Bank observes the Directors’ Independence Policy of Maybank which sets out Maybank’s approach in determining directors’ independence. The Board assesses the independence of INEDs prior to their appointments and re-appointments as part of the annual Fit and Proper Assessment and Independence exercise.

As required under the CG Guidelines, all directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years. The Company has policy in place to ensure this criterion is being met before the term expires.

The profile of each Director can be found on pages 4 to 9 of this Corporate Governance Report.

The Board reviews and approves the appointment and reasons for resignations of key appointment holders which include the Directors, CEO, Deputy CEO, Chief Financial Officer (“CFO”) and Chief Risk Officer.

Dr Davide Antonio Crippa was appointed as the Chief Risk Officer with effect from 1 October 2019 in place of Ms Jane Ong to continue to drive and strengthen the Bank’s risk management expertise and leadership.

Ms Jane Ong was appointed as Financial Controller with effect from 1 October 2019 to manage and strengthen the Bank’s finance function as well as to optimise the Bank’s balance sheet.

### **Independence of Directors**

The independence of a director is determined based on the criteria set out in the CG Regulations and the CG Guidelines. The CG Regulations provide that a director is considered independent if he is independent from management and business relationships and the substantial shareholder and if he has not served on the Board for a continuous period of nine (9) years or more.

The Board made the following independence assessments of the Directors in February 2020:

- (a) Datuk R. Karunakaran is an independent non-executive director of Maybank. He is independent from management relationships with the Bank. In the course of 2018 and 2019 financial year, payments were made and received between the Bank and Maybank. However, Datuk R. Karunakaran is independent from business relationships with the Bank on the grounds that he is not involved in the day-to-day management, business and operations of Maybank and the Bank, and he does not have any direct control over any payments made for services carried out in the usual course of business where the Bank has received from or made to Maybank. He is not independent from substantial shareholder of the Bank.
- (b) Datuk Abdul Farid bin Alias is the Group President & CEO of Maybank and director of Maybank. He is independent from management relationships with the Bank. He is not independent from business relationships with the Bank and not independent from substantial shareholder of the Bank.
- (c) Mr Anthony Brent Elam is an independent non-executive director of Maybank. He is independent from management relationships with the Bank. In the course of 2018 and 2019 financial year, payments were made and received between the Bank and Maybank. However, Mr Anthony Brent Elam is independent from business relationships with the Bank on the grounds that he is not involved in the day-to-day management, business and operations of Maybank and the Bank, and he does not have any direct control over any payments made for services carried out in the usual course of business where the Bank has received from or made to Maybank. He is not independent from substantial shareholder of the Bank.
- (d) Mr Spencer Lee Tien Chye is a director of Maybank (Cambodia) Plc which is an affiliate of Maybank. He is independent from management and business relationships with the Bank. He is independent from substantial shareholder of the Bank on the grounds that he is not involved in the day-to-day management of Maybank (Cambodia) Plc and he is not a director of Maybank.
- (e) Mr Wong Heng Ning Kevin is independent from management and business relationships with the Bank. He is also independent from substantial shareholder of the Bank.
- (f) Mr Lee Yong Guan is independent from management and business relationships with the Bank. He is also independent from substantial shareholder of the Bank.

- (g) Mr Renato Tinio De Guzman is a director of Maybank Philippines Incorporated which is an affiliate of Maybank. He is independent from management and business relationships with the Bank. He is independent from substantial shareholder of the Bank on the grounds that he is not involved in the day-to-day management of Maybank Philippines Incorporated and he is not a director of Maybank.

None of the Directors have served on the Board for more than nine (9) years from the date of first appointment.

Pursuant to the annual assessment undertaken for 2018 and 2019, the Board is satisfied that all the INEDs of the Board have met the independence criteria set out in the CG Regulations, the CG Guidelines, as well as the Director's Independence Policy of Maybank.

With four (4) independent directors, namely Mr Spencer Lee Tien Chye, Mr Wong Heng Ning Kevin, Mr Lee Yong Guan and Mr Renato Tinio De Guzman, the Bank has satisfied the requirement under the CG Regulations that where a substantial shareholder holds 50% or more of the share capital of the voting power of a bank in Singapore, at least one-third (1/3) of the directors must be independent.

### **Succession Plan**

The Board believes that effective succession planning mitigates the risks associated with the departure or absence of well qualified and experienced individuals. The Board recognises this and aims to ensure that the Board and the Senior Management are always well resourced with the right people in terms of skills and experience, in order to effectively and successfully meet the Bank's long term goals and objectives.

The Board performs the function of a nominating committee, whose main responsibilities include the assessment, selection and recruitment of potential candidates as well as reviewing the composition, size and performance of the Board and Board Committees. This process includes reviewing the Group's talent pool and procuring from time to time, the curricula vitae of prospective candidates discreetly from various internal and external sources for its review and consideration in order to ensure that the Board will always have a steady pool of talent for selection whenever there is a need to appoint new directors.

The criteria adopted by the Board in identifying and assessing candidates for the Board and Board Committees include the following:

- (i) compliance with the CG Regulations on board and board committee's composition and independence requirements;
- (ii) the candidate is a fit and proper person for the office and is qualified for the office, taking into account the candidate's track record, age, experience, capabilities, skills and other relevant factors;
- (iii) the mix of skills and experience of its members against future needs and requirement; and
- (iv) the candidate will be able to allocate sufficient time and attention to discharge his responsibilities effectively.

### **Induction Programme and Director's Training**

Upon the appointment of a new director, the Bank will provide a formal letter enclosing the Board's Terms of Reference which sets out the roles and responsibilities of directors as well as relevant rules and regulations such as those relating to the Banking Act (Chapter 19), the CG Regulations and the CG Guidelines.

The Directors are given a comprehensive and tailored induction on joining the Board. This includes briefings and materials on director's duties, governance structure, the Bank's business, risk management,

compliance and operations of the Bank.

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

Training topics covered in 2018 and 2019 included the compliance regulatory landscape and the risk workshops conducted by the Group. The Directors also meet with the Senior Management and key senior executives to receive briefings on the Bank's operations, business, compliance and risk management practices.

The Board is satisfied that the regular updates and training as set out above met the objective of equipping the Directors with the appropriate knowledge to perform their duties.

### **Board Effectiveness Evaluation**

As a key step towards enhancing Board effectiveness, the Board conducts a formal and objective evaluation of its members, the effectiveness of the Board, its Board Committees and individual directors on an annual basis. Each Director participates and evaluates the performance of the Board and Board Committees based on a set of performance criteria which includes quality of risk management, the adequacy of governance, compliance and internal controls, and ensuring that strategies promote the long term viability of the Bank. When the Board deliberates on the performance of a particular member of the Board, that member would recuse himself from the discussions to avoid conflict of interests. The results of these assessments are reviewed and discussed at the Board to assist the Board to further enhance its overall performance, discharge its principal roles and responsibilities effectively, improving the Board infrastructure and identifying key areas of improvement.

### **Independent Professional Advice**

The Board of the Bank has full and unrestricted access to all information pertaining to the respective businesses and affairs of the Bank to enable it to discharge its duties effectively. Directors also have full and unrestricted access to the advice and services of the Senior Management and the Company Secretary.

The CEO is expected to maintain in regular contact with the Chairman of the Board to discuss matters/issues that should be raised at Board meetings or in other forums with the respective members of the Senior Management and/or Directors. In this regard, the Company Secretary would assist and ensure that timely communications between the Senior Management and the Board are maintained at all times. The Company Secretary attends all Board, ACB and RMCC meetings and ensures that the procedures for these meetings are adhered to and that applicable rules, regulations and guidelines are complied with. The Company Secretary also facilitates good information flows within the Board and the Board Committees.

Independent professional advice can be obtained by any individual Director, at the Bank's expense where necessary, in furtherance of his duties. Copies of any report, advice or recommendations provided by independent professional advisers to the relevant Director would be forwarded by the said Director to the Company Secretary, who will, where appropriate, circulate them to other Directors to ensure that they are kept informed of the advice.

### **Directorships in Other Companies**

The Board values the experience and perspective gained by the Non-Executive Directors ("NED") from their memberships on the boards of other companies, organisations, and/or associations. In this regard, the Board Manual provides that the NEDs 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 Board and the Bank.

In line with the Group, each member of the Board should hold no more than five (5) directorships in public listed companies while the number of membership on the board of non-listed companies (including the board of entities within the Group) is limited to fifteen (15). This would enable the Directors to focus, and devote sufficient time in discharging their duties and responsibilities effectively.

### **Remuneration Matters**

The Bank has an exemption from MAS on the requirement to set up a remuneration committee pursuant to Regulation 39(1) of the CG Regulations on the basis that the responsibility of the remuneration committee will be undertaken by the Group's Nomination and Remuneration Committee ("**Group NRC**").

The Group NRC consists of a majority of INEDs and is chaired by a Senior INED. The roles and responsibilities of the Group NRC are set out in the terms of reference which are available on Maybank's corporate website.

The Group NRC develops and implements formal and transparent procedures in developing Maybank's remuneration policy for the Group by ensuring that the compensation is competitive and consistent with industry standards.

#### Non-Executive Directors Framework

The Group NRC recommends to the boards of subsidiaries a framework of remuneration for NEDs, covering fees and allowances in their work as NEDs of the boards and board committees within the Group.

Details of the Bank's NED Remuneration Framework are set out below:

<b>Fee Component</b>	<b>NED Remuneration Framework (SGD)</b>	
	<b>Chairman</b>	<b>Member</b>
Board Fee	97,500 (per annum)	65,000 (per annum)
Board Committee Fee	40,000 (per annum)	20,000 (per annum)
Meeting Allowance	3,000 per meeting	

There are no employees of the Bank who are immediate family members of a director or the CEO whose remuneration exceeds S\$50,000 in FY2018 and FY2019.

#### Bank's Total Rewards Framework

The key objectives of the Bank's rewards policy are to ensure that the Bank is able to attract, retain and motivate a highly skilled and committed workforce, and to drive behaviours which are aligned to the Bank's strategic vision and its core values which are critical to sustain employee engagement levels, productivity and business growth.

To achieve these objectives, the Bank leverages on a holistic total rewards proposition encompassing both monetary and non-monetary components. The Bank monitors, reviews and does benchmarking against the industry using information from market surveys by management consultants to determine whether its total rewards remain competitive.

**The key features of the Bank's total rewards framework is as follows:**

Key Elements	Purpose
Fixed Pay	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, skillsets, job scope as well as competency level.
Variable Bonus	<p><u>Variable Bonus</u></p> <ul style="list-style-type: none"> <li>a) Reinforce a pay-for-performance culture and adherence to the Group's core values</li> <li>b) As part of the Bank's overall corporate governance framework, variable cash awards are designed with deferral and claw-back policies to align with the long-term performance goals of the Group and adherence with the risk management principles and standards set out by the Financial Stability Board</li> <li>c) Based on overall Group's performance, business/corporate function and individual performance</li> <li>d) Performance is measured via the balanced scorecard approach</li> <li>e) Deferral Policy: Any variable cash awards in excess of a certain threshold are subject to a tiered deferral rate over a period of time</li> </ul> <p><u>Long-term Incentive Award</u></p> <p>The long-term incentive award is offered within the suite of total rewards for eligible talents and senior management who have a direct line of sight in driving, leading and executing the Maybank Group's business strategies and objectives.</p> <p><u>Clawback Provision</u></p> <p>The Bank, 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 and long-term incentive awards.</p>
Benefits	Provides employees with financial protection, access to health care, paid time-off, staff loans at preferential rates and programmes to support work-life balance, etc. 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	Continue to invest in the personal and professional growth of the Bank's employees. Opportunities provided to employees to chart their careers across different businesses and geographies.

The remuneration of control units is measured and assessed independently from the business units that they are supporting to avoid any conflict of interests. The Bank's remuneration policy is submitted to the Board for approval.

#### Remuneration of Senior Officers and Other Material Risk Takers

Senior Management by virtue of their roles and responsibilities would naturally be classified as material risk takers. These are individual employees or a group of employees collectively involved in strategic decision making and are accountable for the Bank's performance and risk profile.

Other material risk takers are individual employees or a group of employees who can collectively and materially commit significant amount of resources that have significant impact on the Bank's performance

and risk profile.

The remuneration package of the CEO, the Senior Management and other material risk takers are reviewed annually and submitted to the Group NRC for recommendation to the Board for approval.

The Board is of the view that given the sensitive and confidential nature of the individual's remuneration, detailed disclosure on the remuneration of each of these individuals is not in the best interests of the Bank and providing such remuneration details will prejudice the Bank's interests in relation to its competitors, given that the financial industry is highly competitive.

The Bank also took into consideration that such disclosure is typically made by companies to keep their shareholders informed. In this case, the Group has full knowledge of the remuneration of the CEO, the Senior Management and other key material risk takers.

The general details of the remuneration of the Senior Management and other material risk takers for FY2019 are set out below:

**(a) Remuneration**

Category		(a)	(b)
		Senior Management	Other Material Risk-takers
<b>FIXED REMUNERATION</b>			
1	Number of employees	13	9
2	Total fixed remuneration (row 3 + row 5 + row 7)	61.0%	65.5%
3	of which: cash-based	59.8%	64.4%
4	of which: deferred	-	-
5	of which: shares and other share-linked instruments	-	-
6	of which: deferred	-	-
7	of which: other forms of remuneration	1.2%	1.2%
8	of which: deferred	-	-
<b>VARIABLE REMUNERATION</b>			
9	Number of employees	13	9
10	Total variable remuneration (row 11 + row 13 + row 15)	39.0%	34.5%
11	of which: cash-based	39.0%	34.5%
12	of which: deferred	-	-
13	of which: shares and other share-linked instruments	-	-
14	of which: deferred	-	-
15	of which: other forms of remuneration	-	-
16	of which: deferred	-	-
17	<b>TOTAL REMUNERATION (ROW 2 + ROW 10)</b>	<b>100.0%</b>	<b>100.0%</b>

**(b) Special Payments**

Category	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount

1	Senior Management	-	-	-	-	-	-
2	Other Material Risk-takers	-	-	-	-	-	-

**(c) Deferred Remuneration**

		(a)	(b)	(c)	(d)	(e)
	Deferred and retained remuneration	Total outstanding deferred remuneration	of which: total outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	Total amendments during the year due to ex post explicit adjustments	Total amendments during the year due to ex post implicit adjustments	Total deferred remuneration paid out in the financial year
<b>SENIOR MANAGEMENT</b>						
1	Cash	-	-	-	-	-
2	Shares	-	-	-	-	-
3	Share-linked instruments	-	-	-	-	-
4	Other	-	-	-	-	-
<b>OTHER MATERIAL RISK-TAKERS</b>						
5	Cash	-	-	-	-	-
6	Shares	-	-	-	-	-
7	Share-linked instruments	-	-	-	-	-
8	Other	-	-	-	-	-

The Senior Management and other material risk takers are eligible to participate in the Maybank Group Cash-settled Employees' Share Grant Plan ("CESGP"). The CESGP is a cash plan where a cash amount (equivalent to the value of the Maybank reference shares) is awarded to eligible employees. In FY2019, the CESGP was awarded to the Senior Management and other material risk takers where the cash payment based on the value of 423,000 units and 128,000 units of Maybank shares awarded to the Senior Management and other material risk takers respectively, will be made to the employees by 2022 and is conditional upon the employees fulfilling the payment criteria.

Due to restrictions under the Malaysian foreign laws, regulatory requirements and/or systems and administrative constraints, the Senior Management and other material risk takers are not eligible to participate in the Maybank Employee Share Grant Plan Scheme.

**B. EFFECTIVE AUDIT AND RISK MANAGEMENT**

**Internal Audit Function**

The Internal Audit ("IA") function is established to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, control, and governance processes of the Bank.

The IA staff is placed under the direct authority and supervision of the ACB and Group Audit to preserve its independence. The Chief Audit Executive ("CAE") reports functionally to the ACB and Group Chief

Audit Executive and administratively to the CEO.

The IA function is independent of the activities and operations of other operating units in the Bank. The IA function is guided by its Audit Charter (as approved by the ACB) which defines the mission and objective, responsibility, accountability, authority, independence and objectivity, professionalism and ethical standards of the IA function of the Bank. The IA's processes and activities are governed by the relevant regulatory guidelines, the Bank's Code of Ethics and the Institute of Internal Auditor's mandatory guidance established under the International Professional Practices Framework (IPPF).

The IA function has unrestricted access to the ACB, the Board, the Senior Management and the right to seek information and explanation. Using the Maybank Risk Based Approach, The IA function formulates and executes its annual plan of audit to assess the adequacy and effectiveness of internal controls. The CAE attends ACB meetings to facilitate the deliberation of audit reports. The minutes of ACB meetings are then tabled to the Board for their information. It also serves as useful references, especially if there are pertinent issues that any Directors wish to highlight or seek clarification on.

To ensure effective management and independence of the IA function, the ACB is empowered by its Terms of Reference to appraise and approve the appointment and termination of the CAE, the scope of the IA function and the required resources, as well as the remuneration of the IA staff.

#### **Audit Committee of the Board**

The ACB, established on 8 October 2018, consists of a majority of INEDs, all of whom are independent from management and business relationships with the Bank, and is chaired by an INED. The ACB comprises Mr Spencer Lee Tien Chye (Chairman), Mr Anthony Brent Elam and Mr Wong Heng Ning Kevin.

The ACB members are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Bank's risk and internal control environment.

Under the terms of reference of the ACB, the duties and responsibilities of the ACB include establishing a mechanism to assess the performance and effectiveness of the internal audit function, making recommendations to the Board on the appointment, termination and resignation of the external auditor and its audit fees, approving the scope of external audit, and the independence and effectiveness of external audit, reviewing the external auditor's evaluation of the adequacy and effectiveness of the system of internal controls, and reviewing the financial statements focusing particularly on the reliability of the information disclosed therein, changes in accounting policy, significant matters highlighted, including financial reporting issues, significant judgments made by the Senior Management, significant and unusual events or transactions and how these matters are addressed, compliance with accounting standards and other legal requirements.

The ACB reviewed the following in 2018 and 2019:

(i) Financial Statements

The ACB reviews the Bank's financial statements before they are submitted to the Board. The ACB reviewed the audited financial statements for FY2018 and FY2019 and discussed with the Senior Management and the external auditors on the accounting principles applied and significant account judgements and adjustments affecting the financial statements.

The ACB received assurance from the CEO and CFO that the financial statements for FY2018 and FY2019 have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances. The ACB is of the view that the Bank's financial statements are

fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

(ii) Internal Audit

The ACB reviews and approves the Internal Audit's annual plan and monitors its progress periodically. The results of audits executed and status of remedial actions are deliberated at the ACB meetings.

Annually, the ACB meets the Internal Audit team without the presence of the Senior Management and the ACB approves the performance and remuneration for the Internal Audit team.

(iii) External Audit

The Bank's external auditors provided a report to the ACB on their audit of the Bank which was conducted in accordance with the Singapore Standards on Auditing where the external auditors reviewed the Bank's accounting systems, procedures and internal controls. Any corrective action required arising from material findings in the external auditor's report is reported to the ACB at its meetings until they have been addressed.

The external auditors also presented their audit plan for the Bank to the ACB in respect of the audit approach and scope for the 2019 audit.

In respect of the appointment of external auditors, the ACB reviewed and recommended to the Board that the external auditors be re-appointed. In its review, the ACB reviewed the independence of the external auditors and the work performed by the external auditors. The ACB was satisfied that the nature and extent of non-audit services did not prejudice the external auditor's independence and objectivity and, that the external auditors can be considered independent. The external auditors' remuneration for FY2019 comprise (a) statutory audit fees of S\$470,000 and (b) non-audit services fees of S\$60,000.

The ACB meets with the external auditors without the presence of the Senior Management at least once a year.

The ACB members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements by way of updates and briefings by the external auditors and the Senior Management.

### **Accountability and Audit**

Board members receive financial statements, business performance reports, risk reports, compliance reports and other reports from the Senior Management to understand the Bank's financial performance and ensure that the risks and internal controls are being measured and monitored on a regular basis.

The Board is assisted by the ACB in overseeing the financial reporting process and the quality of the Bank's financial statements to ensure that a clear, balanced and meaningful evaluation of the Bank's financial position and financial performance is presented.

### **Related Party Transactions**

Policies on related party transactions are established at the Group level for all Maybank entities. Group policies mandate that inter-Group transactions are conducted on an arm's length basis, including lending to staff. The Bank complies with the local regulatory requirements with respect to monitoring and reporting of the exposures of the Bank to related parties. The Bank is reviewing its related party

transaction policy in light of the MAS Notice 643 on Transaction with Related Parties which takes effect on 1 October 2020.

In connection with the preparation of the Bank's annual statutory accounts, the ACB reviewed the material related party transactions to assess if they are undertaken in the ordinary course of business, on normal commercial terms and at arm's length. The Bank disclosed the related party transactions in the financial statements for FY2018 and FY2019.

### **Risk Management Approach**

Risk Management is a core discipline of the Bank to ensure its overall soundness. The management of risk in the Bank broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business lines, control and reporting functions.

Under the Bank's risk governance structure, the Board has overall responsibility for the oversight of the risk management of the Bank. The Board approves the risk appetite, risk management frameworks, policies and credit underwriting standards to steer the Bank in risk taking activities.

To support Board and RMCC (via delegated authority) oversight, there are several Executive Level Risk Management Committees - Singapore Management Committee, Executive Risk Committee, Credit Committee Singapore and Asset and Liability Management Committee.

<b>Governing Body / Committee</b>	<b>Key Responsibilities</b>
Board of Directors	Ultimate governing body responsible for understanding the major risks faced by the Bank, setting acceptable levels of risk taking and ensuring that Senior Management takes the steps necessary to identify, measure, control and monitor these risks.
Risk Management and Compliance Committee	Established by the Board (with specific Terms of Reference) to assist the Board in discharging its duties and responsibilities in managing the Bank's Risk and Compliance functions.
Executive Level Risk Management Committees	Assist and support Board / RMCC in its operations.
Senior Management & Working / Operating Level Committees	Ensure the management of risk is in line with the approved risk appetite, risk strategy, risk frameworks, policies, procedures and risk management practices and processes established.

The Bank adopts the Group's Risk framework and policies with further customisation to suit the local regulatory and business environment.

Risk Management staff provide direct support to the Executive Level Risk Management Committees, RMCC and the Board to ensure effective, efficient and independent management of the Bank's risks.

### **Risk Management and Compliance Committee**

The RMCC is a Board level committee, established on 1 August 2019, consists exclusively of INEDs. The RMCC comprises Mr Wong Heng Ning Kevin (Chairman), Mr Lee Yong Guan and Mr Renato Tinio De Guzman.

Under its terms of reference, the RMCC, in respect of the Risk Management function, is responsible for

overseeing the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis and the adequacy of the risk management function of the Bank. More specifically, the RMCC assists the Board in setting the risk appetite and in reviewing and approving policies and frameworks to identify, monitor, manage and control material risks impacting the Bank. For this purpose, the RMCC regularly reviews management reports on risk profile, risk exposure, portfolio composition and capital adequacy, including stress testing reports.

In respect of the Compliance function, the RMCC ensures that regulatory compliance risk is effectively managed to support the Bank's business growth in line with the Bank's aspiration and risk appetite.

### **Risk Management and Internal Control Framework**

The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness. The Board has established a governance structure to ensure effective oversight of risks and controls in the Bank. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively.

The ACB regularly evaluates the adequacy and effectiveness of the Bank's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Internal Audit. The ACB also reviews the Internal Audit's recommendations and the Senior Management responses to these recommendations to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.

### **Whistleblowing Policy**

The Bank adopts the Group's whistleblowing policies and procedures. The whistleblowing hotline and mailbox is centrally managed at Maybank by Group Compliance. Based on the Bank's whistleblowing policy, cases are investigated by the Compliance department and the outcome of the investigation is escalated to the RMCC where the RMCC will be provided with the details of the case.

## **C. SHAREHOLDER**

The Bank is a wholly owned indirect subsidiary of Maybank, which is kept apprised of the Bank's operations in Singapore, and there is effective communication between the Bank and Maybank.

Dividends are declared every half yearly after taking into account profits available for distribution and regulatory capital requirements.