

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

CORPORATE GOVERNANCE REPORT 2020

25 June 2021

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 indirect wholly-owned subsidiary of Malayan Banking Berhad (“**Maybank**” or the “**Group**”).

The Board of Directors of the Bank (the “**Board**”) is committed to observe good corporate governance and works with Senior Management to deliver long-term success of the Bank and sustainable 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 and monitoring Senior Management’s performance towards achieving the Bank’s strategic objectives and targets;
- (c) reviewing and approving the selection, performance, remuneration and succession plans of the Chief Executive Officer (“**CEO**”) and members of the Senior Management as well as their resignation and removal, where applicable;
- (d) providing entrepreneurial leadership and overseeing the implementation of the governance framework and effective risk management and internal control framework to enable risks to be assessed and managed to safeguard shareholders’ interest and the Bank’s assets as well as periodically reviewing whether these remain appropriate in light of material changes to the size, nature and complexity of its operations;
- (e) ensuring a reliable and transparent financial reporting process;
- (f) 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;
- (g) promoting sustainability through appropriate environmental, social and governance (“**ESG**”).

- considerations in business strategies;
- (h) overseeing and approving the recovery and resolution of business continuity plans to restore financial strength, maintain or preserve critical operations and critical services when it comes under stress; and
- (i) 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 the following:

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

Board Delegation

The Board has established two (2) board committees ("**Board Committees**") being the Audit Committee of the Board ("**ACB**") and Risk Management and Compliance Committee of the Board ("**RMCC**"). The ACB and the RMCC 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 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 reviewing the external auditor's evaluation of the adequacy and effectiveness of the internal controls within the Bank as well as the independence and objectivity of the 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 ("**Group NRC**"). 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

As at the date of this Corporate Governance Report, the Board consists of seven (7) Directors, comprising:

- (a) three (3) non-independent non-executive Directors; and
- (b) four (4) independent non-executive Directors.

Taking into consideration the scope and nature of the Bank's business and operations, the Board considers its current board size appropriate for effective decision making and stewardship of the Bank.

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.

There is a strong and independent element on the current Board that comprises all non-executive directors with independent directors making up more than half of the Board.

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 assess on an annual basis the independence of each director based on the criteria in the CG Regulations and CG Guidelines and whether each director remains fit and proper and qualified for the office based on the MAS Guidelines on Fit and Proper Criteria, taking into account the director's track record, age, experience, capabilities, skills and such other relevant facts as may be determined by the Board. The Board's assessment of the director's independence is set out on pages 12 to 13 of this Corporate Governance Report.

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
- Chairman of Maybank Singapore Limited

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
- Director of Showa Denko Carbon Malaysia 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
- Director of Maybank Singapore Limited

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 Visa Asia Pacific Senior Client Council
- Co-Chairman 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

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 ACB 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
- Director of Maybank Singapore Limited

Other Companies/Bodies

- Director of PT Lombok Saka
- President Commissioner of PT Gili Sands Resort
- Commissioner of PT Travel Square Global

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 ACB 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
- Director of Maybank Singapore Limited

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 ACB on 8 October 2018 and Chairman of the RMCC 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
- Fellow of the Chartered Institute of Arbitrators
- 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

- Director of Maybank Singapore Limited

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
- Director of Elevate Associates Management Pte. Ltd.
- International Strategic Adviser of Mori Hamada & Matsumoto

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 RMCC 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 is currently on the 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
- 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

- Director of Maybank Singapore Limited

Other Companies/Bodies

- Director of Manufacturing Integration Technology Ltd.
- Chairman of Yalamanchili International Pte Ltd
- Advisor of Evolut Holdings Pte. Ltd.
- Adviser of UnionPay International Co., Ltd. Singapore Branch

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 RMCC 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
- Director of Maybank Singapore Limited

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.
- Chairman of Good Samaritan Colleges

Past directorships in companies in last three years:

- Director of Malayan Banking Berhad
- Director of Sari-Monde Foods Corporation

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:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular strategic and critical issues;
- (c) promoting a culture of openness and constructive debate at the Board;
- (d) ensuring that the Directors receive complete, adequate and timely information;
- (e) ensuring effective communication with stakeholders;
- (f) encouraging constructive relations within the Board and between the Board and the Senior Management;
- (g) facilitating the effective contribution of all Directors;
- (h) demonstrating and promoting high standards of corporate governance practices and ensuring that these practices are regularly communicated to the stakeholders;
- (i) encouraging healthy debates on issues being deliberated to reflect an appropriate level of skepticism and independence;
- (j) ensuring 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) taking the lead in ensuring the appropriateness and effectiveness of the succession planning programme for the Board and the Senior Management;
- (l) maintaining a healthy working relationship with the CEO and providing the necessary support and advice as appropriate; and
- (m) leading 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, which is made up of all non-executive directors, allows constructive challenge of proposals tabled to the Board. 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, including ensuring the continued adequacy and effectiveness of the systems of internal controls and risk management.

The Board is of the view that there is no undue concentration of power in the hands of one individual with the separation of the role of the Chairman and CEO.

Board and Board 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 year are set out in the table below:

Financial Year Ended 31 December 2020 ("FY2020")

Name of Directors	Board Number of Meetings			ACB Number of Meetings			RMCC Number of Meetings		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
Datuk R. Karunakaran	7	7	100	-	-	-	-	-	-
Datuk Abdul Farid bin Alias	7	6	86	-	-	-	-	-	-
Anthony Brent Elam	7	7	100	7	7	100	-	-	-
Spencer Lee Tien Chye	7	7	100	7	7	100	-	-	-
Wong Heng Ning Kevin	7	7	100	7	7	100	6	6	100
Lee Yong Guan	7	7	100	-	-	-	6	6	100
Renato Tinio De Guzman	7	7	100	-	-	-	6	5	83

Notes:

¹ The ACB members are Mr Spencer Lee Tien Chye (Chairman), Mr Anthony Brent Elam and Mr Wong Heng Ning Kevin.

² The RMCC members are Mr Wong Heng Ning Kevin (Chairman), Mr Lee Yong Guan and Mr Renato Tinio De Guzman.

Board Membership

The Board (which performs the functions of a nominating committee) is responsible for:

- (i) 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;
- (ii) ensuring that the candidates possess the appropriate skills, core competencies, experience, commitment, contribution and integrity to effectively discharge their role as a Director;
- (iii) assessing the independence of Directors;
- (vi) reviewing 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; and
- (vii) reviewing the succession plans for the Board, CEO and members of the Senior Management.

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.

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 April 2021:

- (a) Datuk R. Karunakaran (Chairman) is an independent non-executive director of Maybank and a non-executive director of the Bank. He is independent from management relationship with the Bank. In FY2020, payments were made and received between the Bank and Maybank. These were mainly payments for infrastructure, support services and intra-group borrowing/lending activities which were made in the usual course of business. However, the Board had determined and is satisfied that Datuk R. Karunakaran is considered independent from business relationship with the Bank, notwithstanding the aforesaid relationship, on the grounds that he is not involved in the day-to-day management, business and operations of Maybank and the Bank and the said payments made and received were in the usual course of business. He also does not have any direct control over the said payments made between Maybank and the Bank and he derives no personal benefit from such payments.

Datuk Karunakaran is considered not independent from substantial shareholder of the Bank as he is a director of Maybank.

- (b) Datuk Abdul Farid bin Alias is a director of Maybank, the Group President & Chief Executive Officer (“**GPCEO**”) of Maybank and a non-executive director of the Bank. He is independent from management relationship with the Bank. He is not independent from business relationship with and not independent from substantial shareholder of the Bank as he is an executive director and GPCEO of Maybank.

- (c) Mr Anthony Brent Elam is an independent non-executive director of Maybank and a non-executive director of the Bank. He is independent from management relationship with the Bank. In FY2020, payments were made and received between the Bank and Maybank. These were mainly payments for infrastructure, support services and intra-group borrowing/lending activities, which were made in the usual course of business. However, the Board had determined and is satisfied that Mr Anthony Brent Elam is considered independent from business relationship with the Bank, notwithstanding the aforesaid relationship, on the grounds that he is not involved in the day-to-day management, business and operations of Maybank and the Bank and the said payments made and received were in the usual course of business. He also does not have any direct control over the said payments made between Maybank and the Bank and he derives no personal benefit from such payments.

Mr Anthony Brent Elam is considered not independent from substantial shareholder of the Bank as he is a director of Maybank.

- (d) Mr Spencer Lee Tien Chye is an independent non-executive director of Maybank (Cambodia) Plc (“**MCP**”), which is an affiliate of Maybank, and an independent non-executive director of the Bank. Mr Spencer Lee is independent from management and business relationships with the Bank. The

Board had determined and is satisfied that Mr Spencer Lee is considered independent from substantial shareholder of the Bank, notwithstanding his directorship at MCP, on the grounds that he is not involved in the day-to-day management of MCP and he is not a director of Maybank.

- (e) Mr Wong Heng Ning Kevin is an independent non-executive director of the Bank. He is independent from management and business relationships with the Bank. He is also independent from substantial shareholder of the Bank. He is currently not employed by Maybank or in any entity within the Group and has no immediate family members who are employed by the Bank.
- (f) Mr Lee Yong Guan is an independent non-executive director of the Bank. He is independent from management and business relationships with the Bank. He is also independent from substantial shareholder of the Bank. He is currently not employed by Maybank or in any entity within the Group and has no immediate family members who are employed by the Bank.
- (g) Mr Renato Tinio De Guzman is an independent non-executive director of Maybank Philippines Incorporated (“**MPI**”), which is an affiliate of Maybank, and an independent non-executive director of the Bank. He is independent from management and business relationships with the Bank. The Board had determined and is satisfied that Mr Renato Tinio De Guzman is independent from substantial shareholder of the Bank, notwithstanding his directorship at MPI, on the grounds that he is not involved in the day-to-day management of MPI and he is not a board 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, 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, where its main responsibilities include assessing, selecting and recruiting potential candidates as well as reviewing the composition, size and performance of the Board and Board Committees. This process involves 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 term 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 and training 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 as well as being kept abreast of relevant new laws, regulations and changing commercial risks from time to time.

Training topics covered in 2020 included cyber security, sustainability, managing risks and digital transformation. 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 Bank also sets aside training budget to fund the Directors' attendance of relevant external courses.

The Board is satisfied that the regular updates and training meet 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.

In 2020, an external consultant, PwC Consulting Services (M) Sdn Bhd ("**PwC**"), was engaged to undertake the Board Effectiveness Evaluation ("**BEE**") exercise for the Group and its subsidiaries (including the Bank) for FY2020 which included assessing the effectiveness of the Board, the Board Committees and the contribution by the Chairman and each individual Director to the effectiveness of the Board. PwC has no connection with the Bank or any individual Director which would affect its independence and objectivity in undertaking the BEE exercise. The BEE exercise was aimed at assisting the Board to further enhance its overall performance moving forward by focusing on areas such as

discharging the Board's principal roles and responsibilities effectively, improving the Board infrastructure and supporting processes, examining the Board dynamics and relationships as well as identifying the key areas for improvement.

To achieve the abovementioned objective, the effectiveness of the Board and Board Committees for FY2020 was assessed through questionnaires completed by the Directors in the key areas on overall board effectiveness, key priorities and areas of focus of the board, board responsibilities, board composition, board committees, board conduct, board interaction and communication, board chair and board administration and process.

For the individual director evaluation, a questionnaire was specifically designed to evaluate the effectiveness of performance, personality and quality aspects of individual directors in the areas such as board dynamics and participation, leadership, integrity and objectivity as well as knowledge and expertise. The BEE FY2020 results for the Bank were generally positive, with all areas evaluated either rated as "Satisfactory" or "Strong". The results were similar compared to the previous year (across all areas), reflecting a strong and consistent performance by the Board and Board Committees.

Access to Information

The Board 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.

The information provided to the Board includes board papers and their related papers with background or explanatory information relating to matters to be brought to the Board for approval, recommendation, ratification or information together with copies of budgets, forecasts, financial statements, with material variances between projections and actuals. Information provided to the Board on an ongoing basis at board meetings includes financial, business performance, risk management, compliance, information technology, internal controls, operations, human resources and corporate governance and regulatory updates.

The roles and responsibilities of the Company Secretary in relation to the Board include assisting and ensuring that timely communications between the Senior Management and the Board are maintained at all times, assisting the Board in the discharge of their duties and in implementing and strengthening corporate governance policies and processes, attending all Board and Board Committees meetings, preparing minutes of the meetings and ensuring that the procedures for these meetings are adhered to and that regulations and guidelines are complied with as well as facilitating good information flows within the Board and the Board Committees.

The Company Secretary provides the Board and Board Committees board papers and related materials relevant to matters on the agenda for the meetings, a week in advance. In line with the Bank's commitment to the conservation of the environment and towards paperless technology, all directors are provided with tablet devices to enable them to access and read the relevant papers of the Board and Board Committees prior to and at the meetings.

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 (“NEDs”) 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 NRC.

The Bank adopts the remuneration framework of the Group which is overseen by the Group NRC which consists of a majority of INEDs and is chaired by a Senior INED. The composition of the Group NRC is aligned with the principles and best practices promulgated under the CG Guidelines. 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 and oversees the application of the policy to subsidiaries and branches, subject to local regulations. The Group NRC is also responsible in ensuring that its remuneration policies and structure are in line with the Group’s risk appetite and regulatory requirements and its remuneration policy is supported by strong governance and is symmetric to risk outcomes and sensitive to time horizon risk.

The Group NRC maintains the meeting minutes of its meetings which contain a record of discussions and decision taken pertaining to the remuneration policy, framework and compensation package for the Bank’s NEDs, Senior Management and other material risk takers.

Non-Executive Directors Remuneration Framework

The Group NRC recommends to the boards of subsidiaries a framework of remuneration for NEDs, covering fees, medical insurance coverage and allowances in their work as NEDs of the boards and board committees within the Group. The Group NRC takes into account factors such as effort and time spent in preparing and attending meetings and the roles and responsibilities of the NEDs when formulating the NEDs Remuneration Framework.

The NEDs of the Bank comprised four (4) independent NEDs and three (3) non-independent NEDs. The details of the Bank’s NED Remuneration Framework are set out below:

Fee Component	NED Remuneration Framework (SGD)	
	Chairman	Member
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	

Since the Bank is a wholly owned subsidiary of the Group, which has full knowledge of the remuneration

of the NEDs, there is limited value of providing disclosures on the remuneration of individual directors on a named basis and the breakdown of their remuneration other than the information disclosed herein and in the financial statements.

No disclosure is made on the Bank's NEDs' interests in Maybank shares as there are no public shareholders of the Bank whose interests need to be safeguarded through the disclosure of the directors' interests. Furthermore, such interests in the case of Maybank-affiliated directors are considered part of their remuneration package and such disclosure would be highly prejudicial to the Bank's interest.

The board remuneration review exercise for the Group and its subsidiaries is performed by external consultants once every three (3) years. In the most recent benchmarking exercise, the Group NRC had appointed AON Malaysia Sdn Bhd ("**AON**") in September 2020 to conduct a review for the Group and its subsidiaries (including the Bank). AON has no connection or conflict of interest with the Group, the Bank or any individual director that would affect its independence and objectivity as a remuneration consultant.

The review had benchmarked the NED fee structure of the Bank against local bank peers of similar size and standing in the market which the Bank operates and took into account the external competitiveness, internal considerations and macroeconomic environment when determining the competitiveness of the Bank's NED fees.

Arising from the review and in view of the current macroeconomic environment, the adjustment to the NED fee structure will be effected in the financial year ending 2022, subject to the market conditions at the material time.

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 FY2020.

Bank's Total Rewards Framework

The Bank's remuneration and rewards philosophy is aligned with its business strategies and values, and serves to foster a performance oriented culture that delivers long-term sustainable returns for its stakeholders.

The Bank has in place a comprehensive Total Rewards System which forms a holistic and strategic component of its integrated Talent Management Framework, guiding it to effect "Reward Right" principles to drive positive outcomes and deliver exponential business results responsibly. The system not only supports the Bank's strategy and business plan, it is also critical to improving employee productivity and engagement. By focusing on the right compensation, benefits and development support, it inspires the Bank's employees to achieve their personal and professional aspirations.

Governed by sound principles, the Bank's remuneration policies and practices are reviewed periodically to ensure alignment with regulatory requirements and to reinforce a high performance culture. The aim is to attract, motivate and retain talent through market competitiveness and responsible values.

Components of Remuneration

The Bank adopts a holistic Total Rewards Framework comprising three main elements, namely Total Compensation, Benefits & Well-Being and Development & Career Opportunities.

(i) Total Compensation	Total Compensation is based on two components, Fixed Pay and Variable Pay, with targeted Pay Mix levels designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable
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	components that change according to the performance of the Group, the Bank, business/corporate function and individual.
(a) Fixed Pay	<ul style="list-style-type: none"> • Attract and retain talent by providing competitive and equitable levels of pay. • Reviewed annually through internal and external benchmarking against relevant peers/locations, aligned with market dynamics, differences in individual responsibilities, performance, achievements, skill sets as well as competency level.
(b) Variable Bonus	<p><u>Variable Bonus</u></p> <p>a) Reinforce a pay-for-performance culture and adherence to the Bank's TIGER Core Values (i.e. Teamwork, Integrity, Growth, Excellence & Efficiency and Relationship Building);</p> <p>b) Variable cash award design that is aligned with the long-term performance goals of the Bank through the Bank's deferral and claw-back policies; and</p> <p>c) Based on overall performance of the Group, the Bank, business/corporate function and individual, performance is measured using the Balanced Scorecard.</p> <p><u>Long-term Incentive Award</u>: Offered to eligible talent and senior management who have a direct line of sight in driving, leading and executing the Group's business strategies and objectives.</p> <p><u>Deferral Policy</u>: Any Variable Bonus in excess of certain thresholds will be deferred over a period of time. A Deferred Variable Bonus will lapse immediately upon termination of employment (including resignation) except in the event of ill health, disability, redundancy, retirement or death.</p> <p><u>Clawback Provision</u>: Adjustments or clawbacks to any Variable Bonus or Long-Term Incentive Award will be made if deemed appropriate based on risk management issues, financial misstatement, fraud, gross negligence or wilful misconduct.</p>
(ii) Benefits & Well-Being	<p>The Bank believes in promoting the employees' well-being through the provision of financial protection, health care benefits, paid time-off and programmes that support work-life integration. The benefits programmes, which blend all elements including cost optimisation and employee/job needs, are reviewed regularly in order to remain competitive in an increasingly dynamic business landscape. In light of the Covid-19 pandemic, working remotely has become a new normal. This is supported by a strong infrastructure built on innovative platforms, together with the right policies and system to enable the employees to perform their best.</p>
(iii) Development & Career Opportunities	<p>The Bank continues to deploy best-in-class learning and development programmes to nurture its employees at all levels. The Bank's strong learning culture is grounded in a multitude of flexible and customizable learning and development programme for employees' long-term relevance, competitive advantage and growth. Employees are also encouraged to</p>

	assume personal ownership of their development by upgrading their skills and taking on stretch assignments as well as expanded responsibilities.
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Governance and Controls - Remuneration Practices

The Bank's remuneration policies and practices are in line with the statutory and regulatory requirements, and are strengthened by sound risk management and controls, ensuring that remuneration practices are carried out responsibly.

The Bank has strong internal governance on the performance and remuneration of control functions which are measured and assessed independently from the business units to avoid any conflict of interests. The remuneration of employees in control functions is predominantly fixed to reflect the nature of their responsibilities. Annual reviews of their compensation are benchmarked internally and against the market to ensure they are competitive.

Based on sound performance management principles, the Bank's Key Performance Indicators ("KPIs") continue to focus on outcomes and are aligned with its business plans. Senior Management and other material risk takers carry Risk, Governance and Compliance goals in their individual scorecards which are cascaded accordingly.

The right KPI setting continues to shape the Bank's organizational culture while driving risk and compliance agendas effectively. Inputs from the control functions and the Board Committees are incorporated into the respective functional area and individual performance results.

Remuneration of Senior Officers and Other Material Risk Takers

The Bank's key executives comprise Senior Management who 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 interest 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.

Based on the Bank's contract of service policy, the contracts of service of Senior Management and other material risk takers of the Bank in the event of termination contain fair and reasonable clauses.

Long-Term Incentive Award – Employees' Share Grant Plan

In December 2018, Maybank rolled out the Employees' Share Grant Plan ("ESGP") under the Long-Term

Incentive Award to replace a previous scheme that expired in June 2018. The ESGP is valid for seven years and is awarded to participating employees within the Group who fulfil the eligibility 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 ESGP.

The Senior Management and other material risk takers are however eligible to participate in the Cash-Settled Performance-Based 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.

Vesting eligibility of the ESGP/CESGP is subject to fulfilment of the ESGP/ CESGP vesting conditions as well as meeting the performance criteria at the Group and individual levels.

The first ESGP/CESGP Award that was granted in December 2018 will vest in 2021. The second ESGP/CESGP Award granted in September 2019 will vest in 2022 and the third ESGP/CESGP Award which was granted in September 2020 will vest in 2023.

In FY2020, the CESGP awarded to the Senior Management and other material risk takers, where the cash payment was based on the value of 527,000 units and 149,000 units of Maybank shares awarded to Senior Management and other material risk takers respectively, will be made to the employees by 2023 and is conditional upon the employees fulfilling the payment criteria.

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 IA 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 including financial, operational, compliance and information technology controls, reviewing any related party transactions and conflict of interest situations that may arise within the Bank or the Group, 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:

(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 FY2020 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 Board and the ACB received assurance from the CEO and CFO that the financial statements for FY2020 have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances. The ACB, with the concurrence of the Board 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 respects.

(ii) Internal Audit

The ACB reviews and approves the IA's annual plan and monitors its progress periodically. The results of audits executed and status of remedial actions are deliberated at the ACB meetings. The ACB also reviews the performance of the IA team and approves their remuneration.

Annually, the ACB meets the IA team without the presence of the Senior Management.

(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 2020 audit. The ACB ensured that the external auditors have unrestricted access to information and persons within the Bank as necessary to conduct the audit.

In respect of the appointment of external auditors, the ACB reviewed and recommended to the Board that the external auditors be re-appointed. The ACB noted the independence of the external auditors and the work performed by the external auditors and that the nature and extent of non-audit services did not prejudice the external auditor's independence and objectivity. The external auditors' remuneration for FY2020 comprised (a) statutory audit fees of \$486,000 and (b) non-audit services fees of \$59,000.

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

The Board reviews the risk and regulatory compliance reports from Senior Management to ensure the Bank complies with the relevant legislative and regulatory requirements.

Board members receive and review the financial statements, business performance reports and other reports from the Senior Management containing analysis and explanations of variances against budget 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 performance, position and prospects are 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 and where necessary, writing off of these transactions. The Bank had issued its Related Party Transaction ("RPT") policy in light of the MAS Notice 643 on Transactions with Related Parties which takes effect on 1 July 2021. The objective of the Bank's RPT policy is to ensure that all RPT is conducted free of conflicts of interests and based on terms and conditions that are not more favorable than similar transactions with non-related parties.

Where there is a potential conflict of interest involving any director, the director will recuse himself from voting and will be excluded from the approval process of granting and managing the RPT.

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 FY2020.

Risk Management and Compliance Committee

The RMCC, established on 1 August 2019, is a Board level committee 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

Risk Management is a core discipline of MSL to ensure overall soundness of the Bank. The Bank has emplaced risk management systems and processes, by leveraging on the risk management framework developed by the Group, to oversee the principal risks it faces, including credit, market, liquidity, non-financial and information technology risk.

Under the Bank's risk governance structure, the Board has overall responsibility for the oversight of the risk management of the Bank. The Board takes cognizance 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 independent and effective oversight of risks and controls in the Bank. The overall risk management and internal controls are continuously reviewed by the Board, the ACB, the RMCC and Senior Management 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 IA. The ACB also reviews the IA's recommendations and the Senior Management responses to these recommendations to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.

The Chief Risk Officer ("**CRO**"), as approved by the Board, oversees the risk management function of the Bank and has been entrusted to assist the Board in ensuring that key risks affecting the Bank are identified, measured, monitored, controlled and reported on an enterprise-wide basis, and to keep the RMCC and the Board apprised on the risk profile, risk tolerance and risk strategy of the Bank. The CRO reports to the CEO of MSL, Dr John Lee Hin Hock, and has a dual reporting line to the Group CRO. The Board is empowered to approve the appointment, remuneration, resignation or dismissal of the CRO.

The management of risk in the Bank broadly takes place at different hierarchical levels and is emphasized through various levels of committees, business lines, control and reporting functions within the Bank.

There are several executive-level risk management committees namely the Singapore Management Committee, Executive Risk Committee, Credit Committee Singapore, Non-Financial Risk Committee and Asset and Liability Management Committee which serve to assist and support the Board and RMCC's risk oversight.

The Bank adopts the Group's Risk frameworks and policies with further customization to suit the local regulatory and business environment. For more details on Maybank's Risk Management Approach, please refer to Maybank Annual Report 2020 as follows:

Maybank Annual Report

Chapter	Details Covered
Risk Drivers (page 33)	Risk drivers significant to the bank and principal risks to the financial services industry.
Group Risk Management (page 62)	Strategies and processes to manage, hedge and mitigate risk.
Statement on Risk Management and Internal Control (page 88)	Risk management framework, risk appetite, risk governance & oversight, risk & compliance culture, risk management practices and processes, compliance framework, Shariah governance framework, stress testing, responsible lending and cyber & technology risk management policy and guidelines.

Further details can be found in Maybank Basel II Pillar 3 Disclosure for FY2020:

Maybank Basel II Pillar 3 Disclosure

Section	Details Covered
Internal Capital Adequacy Assessment Process (page 13)	Stress testing and risk measurement.
Risk Management (page 15)	Risk management framework, risk appetite, risk governance and oversight.

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. The Bank's Annual General Meeting is held within six (6) months from the financial year end and is convened pursuant to Section 179(6) of the Companies Act, Chapter 50.

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