

MAYBANK SINGAPORE LIMITED
(UEN 201804195C)

CORPORATE GOVERNANCE REPORT 2023

12 July 2024

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**”) emphasizes the importance of strong corporate governance in enhancing operational efficiency, increasing capital accessibility, managing risks, and overseeing business activities effectively. Long-term adherence to good corporate governance practices ensures accountability, transparency, and value creation for all its stakeholders. The Board works with Senior Management to deliver long-term success of the Bank and sustainable shareholder value, taking into account the interest of other stakeholders. To meet the increasingly challenging operating environment, the Board continuously strives to refine the Bank’s corporate governance practices and processes and ensuring 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 Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by MAS on 9 November 2021 (“**CG Guidelines**”).

The CG Guidelines comprise the (i) Principles and Provisions of the Code of Corporate Governance 2018 and (ii) Additional Guidelines that take into account the unique characteristics of the business of banking, given the diverse and complex risks undertaken by financial institutions.

This Corporate Governance Report sets out the Bank’s corporate governance practices and the application of the CG Guidelines for the financial year ended 31 December 2023. Where the Bank’s practices differ from the CG Guidelines in respect of the Provisions and Additional Guidelines, this report explains the rationale and how the practices are consistent with the policy intent of the relevant Principle.

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 Board believes that the success of the Bank’s strategy requires the same to be aligned with good governance practice. Apart from putting in place a code of conduct and ethics, setting the appropriate tone-from-the-top and desired organizational culture, ensuring proper accountability within the Bank and establishing the core values of the Bank, the Board provides leadership and oversees Senior Management’s execution of the Bank’s strategy, business objectives and financial performance and strikes the right balance between short-term and long-term goals to safeguard customers’ interest.

The Board regularly meets with the Senior Management, including the key persons in control job functions, to discuss and review critically the decisions made, information provided and any explanations given relating to the business and operations of the Bank.

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 the 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 that the necessary resources are in place for the Bank to meet its strategic and business objectives;
- (f) ensuring a reliable and transparent financial reporting process;
- (g) 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;
- (h) promoting sustainability through appropriate Environmental, Social and Governance ("**ESG**") considerations in business strategies;
- (i) overseeing the recovery and resolution of business continuity plans to restore financial strength, maintain or preserve critical operations and services when it comes under stress; and
- (j) 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.; and
- (f) strategies on promotion of sustainability focusing on ESG aspects.

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.

The Board ensures that the knowledge and expertise of the Senior Management and key persons in control job functions are appropriate given the risk profile and nature of the Bank's business and ensures their effectiveness in carrying out the day-to-day operations in accordance with the Bank's code of conduct and ethics, business objectives and strategies for long-term interest and viability.

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. While the Bank recognizes and embraces the benefits of diversity on the Board, appointments to the Board will first and foremost be based on the merits and credentials of each candidate and whether the appointment of such candidate would complement or enhance the existing mix of skill and experience of the Board.

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 the 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 14 of this Corporate Governance Report.

Information on Directors

DATUK R. KARUNAKARAN

Chairman of the Board

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 and was last re-appointed on the Board on 1 October 2021.

Datuk R. Karunakaran joined the Malaysian Investment Development Authority ("MIDA") in August 1972 and served in various positions including Director and Director-General. MIDA is responsible for the promotion and coordination of the development of the manufacturing and services sector in Malaysia including promoting domestic and foreign investment. 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

- Chairman of Maybank Ageas Holdings Berhad
- Chairman of Etiqa International Holdings Sdn Bhd
- Chairman of Maybank Singapore Limited

Other Companies/Bodies

Nil

Past directorships in companies in last three years:

- Director of Bursa Malaysia Berhad
- Director of KR Advisory Sdn Bhd
- Director of IOI Corporation Berhad
- Director of Malayan Banking Berhad
- Chairman of ILB Group Berhad (*formerly known as Integrated Logistics Berhad*)

DATO' KHAIRUSSALEH BIN RAMLI

Non-Independent Non-Executive Director



Dato' Khairussaleh Ramli is a non-independent non-executive Director of MSL. He joined the Board on 1 August 2022.

Dato' Khairussaleh Ramli is the President and Group Chief Executive Officer of Maybank. Prior to re-joining Maybank, Dato' Khairussaleh was the Group Managing Director of RHB Banking Group, where he was responsible for charting the strategic direction and leading the RHB Banking Group to achieve its goals and value creation objectives. He brings with him a wealth of knowledge and experience from the financial services and capital markets

industry of close to 30 years.

Prior to joining RHB Banking Group, Dato' Khairussaleh Ramli was with Maybank between November 2008 and September 2013, having served over three years as the Group Chief Financial Officer before taking up the position of President Director and Chief Executive Officer of PT Bank Maybank Indonesia Tbk.

QUALIFICATION

- Bachelor of Science in Business Administration, Washington University, USA
- Advanced Management Program, Harvard Business School, USA
- Fellow Chartered Banker, Asian Institute of Chartered Bankers

WORKING EXPERIENCE AND DIRECTORSHIPS

Present:

Within Maybank Group

- Executive Director / President and Group 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 Payments Network Malaysia Sdn Bhd
- Chairman of The Association of Banks in Malaysia
- Vice Chairman of Asian Institute of Chartered Bankers
- Member of Visa Asia Pacific Senior Client Council
- Co-Chairman of Emerging Markets Advisory Council of The Institute of International Finance, Washington DC
- Director of Financial Industry Collective Outreach

Past directorships in companies in last three years:

- Group Managing Director of RHB Banking Group
- Director of Cagamas Holdings Berhad

ANTHONY BRENT ELAM

Non-Independent Non-Executive Director

Risk Management and Compliance Committee Member



Mr Anthony Brent Elam is a non-independent non-executive Director of MSL. He joined the Board on 1 October 2018 and was last re-appointed on the Board on 1 October 2021. He ceased to be a member of the ACB on 1 January 2022 and was appointed as a member of the RMCC on 1 January 2022.

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 of 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
- Director of Maybank Singapore Limited
- Director of Maybank Philippines Incorporated

Other Companies/Bodies

- Director of PT Lombok Saka
- President Commissioner of PT Gili Sands Resort
- Director of Buchanan Holdings Ltd.

Past directorships in companies in last three years:

- Chairman of Maybank (Cambodia) Plc

SPENCER LEE TIEN CHYE

Independent Non-Executive Director
Audit Committee Chairman



Mr Spencer Lee is an independent non-executive Director of MSL. He joined the Board on 1 October 2018 and was last re-appointed on the Board on 1 October 2021. He 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:

Nil

WONG HENG NING KEVIN

Independent Non-Executive Director
Risk Management and Compliance Committee Chairman



Mr Kevin Wong is an independent non-executive Director of MSL. He joined the Board on 1 October 2018 and was last re-appointed on the Board on 1 October 2021. 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 Done Next Pte. Ltd.
- Director of Elevate Associates Management Pte. Ltd.
- International Strategic Adviser of Mori Hamada & Matsumoto
- Member of the Listing Advisory Committee of Singapore Exchange Limited

Past directorships in companies in last three years:

- Director of Done Next Limited
- Director of Done Next Holdings AG
- Director of Accounting and Corporate Regulatory Authority of Singapore ("ACRA")
- Chairman of Public Accountants Oversight Committee of ACRA

LEE YONG GUAN

Independent Non-Executive Director
Audit Committee Member



Mr Lee Yong Guan is an independent non-executive Director of MSL. He joined the Board on 1 October 2018 and was last re-appointed on the Board on 1 October 2021. He ceased to be a member of the RMCC on 1 January 2022 and was appointed as a member of the ACB on 1 January 2022.

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

- Advisor of BitRock Capital Pte Ltd
- Advisor of 1Money Global

Past directorships in companies in last three years:

- Chairman of Yalamanchili International Pte Ltd
- Director of Manufacturing Integration Technology Ltd.

RENATO TINIO DE GUZMAN

Independent Non-Executive Director
Risk Management and Compliance Committee Member



Mr Renato Tinio De Guzman is an independent non-executive Director of MSL. He joined the Board on 1 July 2019 and was last re-appointed on the Board on 1 July 2022. He 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
- Director of Sundae Promociones
- President of Pristine Properties Zambales, Inc.

Past directorships in companies in last three years:

- 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:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular strategic and critical issues;
- promoting a culture of openness and constructive debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- ensuring effective communication with stakeholders;
- encouraging constructive relations within the Board and between the Board and the Senior Management;
- facilitating the effective contribution of all Directors;
- demonstrating and promoting high standards of corporate governance practices and ensuring that these practices are regularly communicated to the stakeholders;
- encouraging healthy debates on issues being deliberated to reflect an appropriate level of skepticism and independence;
- 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;
- taking the lead in ensuring the appropriateness and effectiveness of the succession planning programme for the Board and the Senior Management;
- 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.

The CEO leads the Senior Management team, implement 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 reinforces 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 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 as well as any concerns that the Independent Directors may have.

Details of attendance of each Director at the Board and Board Committee meetings held in FY2023 are set out in the table below:

Financial Year Ended 31 December 2023 ("FY2023")

Name of Directors	Board Number of Meetings			ACB ¹ Number of Meetings			RMCC ² Number of Meetings		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
Datuk R. Karunakaran	7	7	100	-	-	-	-	-	-
Dato' Khairussaleh Ramli	7	7	100	-	-	-	-	-	-
Anthony Brent Elam	7	7	100	-	-	-	8	8	100
Spencer Lee Tien Chye	7	7	100	9	9	100	-	-	-
Wong Heng Ning Kevin	7	7	100	9	9	100	8	8	100
Lee Yong Guan	7	7	100	9	9	100	-	-	-
Renato Tinio De Guzman	7	7	100	-	-	-	8	8	100

Notes:

- 1 The ACB members for FY2023 are Mr Spencer Lee Tien Chye (Chairman), Mr Wong Heng Ning Kevin and Mr Lee Yong Guan.
- 2 The RMCC members for FY2023 are Mr Wong Heng Ning Kevin (Chairman), Mr Renato Tinio De Guzman and Mr Anthony Brent Elam.

Board Membership and Key Appointment Holders

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

- (i) establishing a formal and transparent procedure for the nomination, appointment and re-appointment of Directors to the Board. Such responsibilities include screening, conducting initial selection of internal and external candidates as well as performing the requisite evaluation and assessment on the candidates' ability to discharge their duties effectively based on the relevant information and details obtained on the candidates;
- (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 annually; and
- (iv) 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 the 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 a policy in place to ensure this criterion is being met before the term expires.

The Board reviews the nomination, appointment and reasons for resignations of key appointment holders which include the Directors, CEO, Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO").

Mr Alvin Lee Han Eng was appointed as the CEO of the Bank with effect from 1 January 2024 in place of Dr John Lee Hin Hock who retired from the Bank on 31 December 2023.

Mr Loy Teck Wooi was appointed as the CFO of the Bank with effect from 1 April 2024 in place of Mr Lim Choon Meng who retired from the Bank on 31 March 2024.

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.

On 14 February 2024, the Board made the following independence assessments of the Directors:

- (a) Datuk R. Karunakaran (Chairman) is a non-executive director of the Bank. He is independent from management relationship with the Bank. In FY2023, payments were made and received between the Bank and Maybank. These were mainly payments for infrastructure, support services and intra-group borrowing/lending activities. 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 R. Karunakaran is considered not independent from substantial shareholder of the Bank. Datuk R. Karunakaran was a director of Maybank until his retirement as director on 3 May 2023.

- (b) Dato' Khairussaleh Ramli is a director of Maybank, the President & Group Chief Executive Officer ("**President & Group CEO**") 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 President & Group CEO 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 FY2023, payments were made and received between the Bank and Maybank. These were mainly payments for infrastructure, support services and intra-group borrowing/lending activities. 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 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 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 director of Maybank.

None of the Directors have served on the Board for more than nine (9) years from the date of their 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 the 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, CG Regulations and 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 also develops a continuous professional development programme for the Directors to ensure that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively.

Training topics covered in 2023 included Managing Cyber Risk, Agile Thinking and Cyber Risk & Security Awareness as well as the Group Risk workshop. 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 2023, an external consultant, Ernst & Young Consulting Sdn. Bhd. (“EY”), was engaged to undertake the Board Effectiveness Evaluation (“BEE”) exercise for the Group and its subsidiaries (including the Bank) for FY2023 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. The Board noted that the BEE exercise undertaken by EY would not impair EY’s independence as the Bank’s external auditors as the BEE exercise was not tied to the internal controls or financial reporting of the Group (including the Bank) and the focus of the BEE exercise was on governance effectiveness which was separate from the financial controls and financial reporting procedures. EY also had no connection with any individual Director who would affect its independence and objectivity in undertaking the BEE exercise.

To achieve the abovementioned objective, the effectiveness of the Board and Board Committees for FY2023 was assessed through interviews (where applicable) and questionnaires via an online survey platform completed by the Directors in the key areas on overall board effectiveness, key priorities, areas of focus of the Board (such as effectiveness of the Board in providing leadership and guidance to Senior Management in driving the M25 / M25+ Plan with strategic priorities in digital, new value drivers and sustainability), board responsibilities, board composition, board committees, board conduct, board interaction and communication, board chair and board administration and process, as well as a “360° Assessment on Board Effectiveness Evaluation”, completed by selected Senior Management on the effectiveness of the Board in discharging its roles and responsibilities.

For the individual director evaluation, a questionnaire via an online survey platform 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 FY2023 results for the Bank remained positive where most areas of evaluation maintained its Strong/Satisfactory rating. The overall results of the Board Committees improved from “Satisfactory” to “Strong”, indicating a strong support and value provided by the Board Committees to the Board.

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, the Company Secretary, and external

advisers (where necessary).

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 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.

The Board is satisfied that the Directors have devoted sufficient time and attention to the affairs of the Bank during FY2023.

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 details of the Bank's NED Remuneration Framework for FY2023 are set out below:

Fee Component	NED Remuneration Framework (SGD)	
	Chairman	Member
Board Fee	107,500 (per annum)	75,000 (per annum)
Board Committee Fee	40,000 (per annum)	20,000 (per annum)
Meeting Allowance	3,000 per meeting	

The NEDs are also provided with benefits which include insurance coverage, travel and accommodation for attending meetings, communication devices and per diem allowance.

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.

There are no employees of the Bank who are substantial shareholders of the Bank or are immediate family members of a director, the CEO or a substantial shareholder of the Bank whose remuneration exceeds S\$100,000 in FY2023.

Bank's Total Rewards Framework

The Bank's remuneration and rewards philosophy is aligned with its strategies and stakeholders' interests, fostering a performance-oriented and prudent risk-managed culture to deliver long-term sustainable returns and strong business performance.

The Bank has in place a comprehensive Total Rewards System which is a strategic human capital component of the integrated Talent Management Framework that guides the Bank to effect "Rewards 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 in 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. To uphold the Bank's ESG commitments, ESG is embedded in various aspects in the total rewards through proper governance, performance measurement standards and prudent risk management considerations.

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 talents 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 organization. The compensation framework provides a balanced approach between fixed and variable components that change according to the performance of the Group, the Bank, business/corporate function and individual.
	<p><u>(a) Fixed Pay</u></p> <ul style="list-style-type: none"> • Attract and retain talents by providing competitive and equitable levels of pay. • Reviewed annually through internal and external benchmarking against relevant peers/locations, with consideration of market dynamics, differences in individual responsibilities, functions/roles, performance level, skillsets as well as competency level.
	<p><u>(b) Variable Bonus</u></p> <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 risk management and</p>

	<p>the long-term performance goals of the Bank through the Bank's deferral and claw-back policies; and</p> <p>c) This is based on the overall performance of the Group, the Bank, business/corporate function and individual that is premised on the Balanced Scorecard approach (comprising financial and non-financial key performance indicators) to drive the desired behaviour and performance levels in creating long-term shareholder value.</p> <p><u>Long-term Incentive Award</u>: Offered to eligible talents 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> <p><u>Guaranteed Bonus</u>: In general, guaranteed bonuses are not paid to employees. If any such guaranteed bonuses are paid, they are only paid in exceptional circumstances for new hires and are limited to their first year of employment.</p>
(ii) Benefits & Well-Being	<p>Employee benefits are integral to the Bank's Total Rewards System. The Bank's benefit program provides financial protection, healthcare benefits, paid time-off, employee loans at preferential rates and other benefits that support work-life integration. The benefits extended to Senior Management include medical and insurance coverage, car park, club subsidy, academic awards for child and long service awards. These are viewed periodically and benchmarked against industry practices and evolving trends within the rapidly changing business environment.</p> <p>The Bank embraces a holistic way of working that embeds sustainability considerations to cater to its employees' physical, mental and emotional well-being as well as their financial, social, and career needs.</p>
(iii) Development & Career Opportunities	<p>In line with the strong learning culture, the Bank continues to deploy best-in-class learning and development programmes to nurture its employees at all levels in a multitude of flexible or customizable development programs for long-term relevance, competitive advantage and growth. Employees are encouraged to assume personal ownership of their development by upgrading their skills and taking on stretch assignments as well as expanded responsibilities.</p>

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 continue to focus on outcomes and are aligned with its business plans. Senior Management, other material risk takers and senior officers carry risk and compliance goals in their individual scorecards which are cascaded accordingly.

The right key performance indicators setting (which includes financial and non-financial factors) that are consistent with the long-term objectives and financial soundness of the Bank continue 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.

The Group NRC approves the aggregate variable remuneration, considering the Bank's financial and non-financial performance as well as the long-term strategy. As part of the Bank's total rewards policy, the Bank has the discretion, based on risk management issues, financial misstatement, fraud, and gross negligence or willful misconduct of the employee, to make potential adjustment or claw-back on the variable bonus paid to the employee. Ex-ante adjustments is reflected in the Balanced Scorecard and can be made in the form of collective adjustments to aggregate incentives or serve as a knock out effect on the employee's Balanced Scorecard impacting the variable bonus payout. To effectively accommodate the longer-term nature of risks for Senior Management and other material risk takers, ex-post adjustments are made to the individual's variable remuneration which include malus and/or clawback arrangements. This is also clearly stipulated in the employee's rewards letter/notification.

Remuneration of Senior Management and Other Material Risk Takers

The Bank's key executives comprising CEO and Senior Management 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 structure of remuneration for CEO, Senior Management and other material risk takers are consistent with the long-term strategy and financial performance of the Bank. The total rewards for CEO, Senior Management and other material risk takers are proposed based on the performance of the Group, the Bank, Business/Corporate function and the individual. Market competitiveness, internal equity and criticality of the position are other factors taken into account.

CEO, Senior Management and other material risk takers are subject to the Bank's prevailing bonus deferral policy where any variable bonus in excess of 12 months of their base pay will be deferred as follows:

- (a) 1st Deferment Payout: 50% of the total deferred bonus paid by the 12th month from the actual bonus payout date;
- (b) 2nd Deferment Payout: 25% of the total deferred bonus paid by the 24th month from the actual bonus payout date; and
- (c) 3rd Deferment Payout: 25% of the total deferred bonus paid by the 36th month from the actual bonus payout date.

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 material risk takers.

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, valid for seven years, serves as a long-term incentive for eligible talents and Senior Management.

Due to restrictions under Malaysian laws, regulatory requirements and/or systems and administrative constraints, the Senior Management and Material Risk Personnel are not eligible to participate in the ESGP.

The Senior Management and Material Risk Personnel 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 CESGP is subject to fulfilment of the CESGP vesting conditions as well as upon meeting performance criteria at the Group and individual levels.

The first, second and third CESGP that were granted in December 2018, September 2019 and September 2020 were vested in December 2021, September 2022 and September 2023 respectively. The fourth CESGP granted in September 2021 was vested in February 2024. The fifth CESGP granted in September 2022 will vest in 2025.

In FY2023, the CESGP was awarded to Senior Management and Material Risk Personnel, where the cash payment, based on the value of 646,000 units and 748,000 units of Maybank shares awarded to Senior Management and Material Risk Personnel respectively, will be made to the employees by 2025 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, internal controls 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 ACB reviews and approves the appointment and reasons for resignation of the CAE. With effect from 1 April 2023, Ms Mazhatulshima Binti Mohd Zahid was appointed as CAE in place of Ms Tan Chui Peng who assumed the role as Group Audit Head of Digital & Advisory at Maybank.

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’s responsibilities include evaluating the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Bank ensuring that all material areas of risks and obligations of the Bank are subject to appropriate audit and review over a reasonable period of time. The IA also provides its overall opinion of the internal controls relating to the risk governance framework of the Bank to the ACB in accordance with the annual audit plan.

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 a useful reference, 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 reviews, appraises, approves the appointment, reasons for the resignation and termination of the CAE, the scope of the IA function, the required resources as well as the remuneration of the IA staff.

Audit Committee of the Board

The ACB was established on 8 October 2018. As at the date of this Corporate Governance Report, the ACB consists exclusively of INEDs which comprises Mr Spencer Lee Tien Chye (Chairman), Mr Wong Heng Ning Kevin and Mr Lee Yong Guan.

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 and the independence and effectiveness of external and internal 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 FY2023 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 also reviewed the assurance from the CEO and CFO on the financial records and financial statements for FY2023.

The ACB is of the view that the Bank's financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards and International Financial Reporting Standards in all material respects.

(ii) Internal Audit

The ACB reviews and approves the IA's annual audit plan and monitors its progress periodically. The results of audits executed and status of remedial actions are deliberated at the ACB meetings. The ACB reviews and is of the view that the IA function is independent and effective, adequately resourced, has appropriate standing within the Bank and is staffed with persons with relevant qualifications and experience. The ACB also reviews the performance of the IA team and approves their remuneration.

Annually, the ACB meets with 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 2023 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 reviewed the independence of the external auditors and the work performed by the external auditors and was of the view that the nature and extent of the non-audit services did not prejudice the independence and objectivity of the external auditors.

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.

Adequacy and effectiveness of internal controls

The Board had received assurance from the CEO and CFO that the financial statements for FY2023 had been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

The Board had also received assurance from the CEO and CFO on the adequacy and effectiveness of the Bank's risk management and internal control systems.

Based on established internal controls, the work performed by the internal and external auditors, and reviews performed by management and various Board committees, the Board, with the concurrence of the ACB is of the view that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2023, to address the risks which the Bank considers relevant and material to its operations.

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 took 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.

The RPT is reviewed or approved by the relevant committees, parties or the ACB in accordance with the materiality thresholds and processes established under the policies of the Bank and submitted to the Board for approval, affirmation or notation.

Risk Management and Compliance Committee

The RMCC, established on 1 August 2019, is a Board level committee. As at the date of this Corporate Governance Report, the RMCC consists exclusively of NEDs which comprises Mr Wong Heng Ning Kevin (Chairman), Mr Renato Tinio De Guzman and Mr Anthony Brent Elam.

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.

The RMCC assists the Board in setting the risk appetite and in reviewing and approving policies and a comprehensive and actionable risk appetite framework which is linked with the Bank's business strategy and strategic decision making as well as identifying, monitoring, managing and controlling material risks impacting the Bank. For this purpose, the RMCC regularly reviews management reports on risk profile, risk exposure, portfolio composition and capital planning, liquidity management planning and capital adequacy, including stress testing reports.

Senior Management provides the Board and the RMCC with information on the financial and non-financial risks that the Bank is or may be exposed to and highlights any limitations of the risk management system and any uncertainties attached to risk measurement which are incorporated in the reporting and management of the Bank's risks. The Board satisfies itself that the information provided by Senior Management is comprehensive, accurate, complete and timely to enable effective decision-making with regard to the Bank's strategy, risk profile and emerging risks.

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 financial and non-financial risks it is or may be exposed to, including but not limited to credit, market, liquidity, environmental, technology, operational, conduct, money laundering and terrorism financing, regulatory, reputational and strategic risks.

Under the Bank's risk governance structure, the Board has overall responsibility for the oversight of the risk management of the Bank and has a sound understanding of the business strategy, nature of the business activities of the Bank and their associated risks.

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 to safeguard the interests of the Bank and its stakeholders. 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 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, 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 2023 as follows:

Maybank Annual Report

Chapter	Details Covered
Risk Drivers (page 48)	Risk drivers significant to the bank and principal risks to the financial services industry.
Statement on Risk Management and Internal Control (page 138)	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 FY2023:

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 which encapsulate the governance and standards to promote an ethical, responsible and secure whistleblowing practice. The whistleblowing channels provide proper and secured avenues for employees and members of the public to report any knowledge of improper conduct in good faith, without fearing any adverse consequences. 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.

Culture and Conduct

The risk and compliance culture is driven by a strong tone from the top which serves as the foundation upon which robust enterprise wide risk management structure and governance are built. This is to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of business and activity across the Group.

The RMCC oversees the implementation of the Bank's Culture and Conduct ("C&C") framework based on the prevailing regulatory requirements and industry practices and monitors the effectiveness of the Bank's C&C framework, where material developments are shared with the Board on a regular basis.

C. STAKEHOLDER ENGAGEMENT

The Board recognises the importance of maintaining positive stakeholder relationships and adopts an inclusive approach in the management and engagement of its stakeholders namely customers, suppliers, regulators, investors, employees, distribution partners and the community.

The Bank maintains a corporate website which provides information on the Bank and the Group to communicate and engage with its stakeholders. The website contains information on the Bank's strategy, purpose, values, sustainability commitments and areas of focus in relation to the management of stakeholder relationships.

D. 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 1967. The Principles in the 'Shareholder Rights and Conduct of General Meetings' and 'Engagement with Shareholders' sections of the CG Guidelines are not relevant in the ownership structure of the Bank as a non-listed financial institution.

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