

MIDF AMANAH INVESTMENT BANK BERHAD
REGISTRATION NUMBER: 197501002077 (23878-X)

**STATEMENT ON CORPORATE GOVERNANCE PURSUANT TO APPENDIX 4 OF THE
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
("BNM")**

PERIOD UNDER REVIEW: FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors ("the Board") of MIDF Amanah Investment Bank Berhad ("MIDF Investment Bank") is committed to ensure that the Principles of Corporate Governance and Best Practices are embraced in ensuring the affairs of MIDF Investment Bank are conducted in a professional manner and with accountability and integrity to protect and enhance shareholder's value.

The Board is pleased to report on the application by MIDF Investment Bank on the principles of the Malaysian Code on Corporate Governance 2021 and the Disclosures on Corporate Governance practices pursuant to Appendix 4 of the Corporate Governance Guidelines issued by BNM on 3 August 2016. The Board is responsible for the overall Corporate Governance of MIDF Investment Bank.

BOARD OF DIRECTORS

The Board is responsible for the overall Corporate Governance of MIDF Investment Bank in an effective and responsible manner. The Board sets MIDF Investment Bank's values and standards and ensures that its obligations to its shareholders and other stakeholders, which include the regulators, business partners, clients, employees, suppliers and vendors, are understood and met.

Each individual Director, on the other hand, has a legal duty to act in the best interest of MIDF Investment Bank. The Board of MIDF Investment Bank, collectively and individually are aware of their responsibilities to shareholders and other stakeholders for the manner in which the affairs of MIDF Investment Bank are managed.

The Board is guided by the Board Charter which clearly sets out its roles and responsibilities and describes matters expressly reserved for the Board's determination and matters delegated to the Board Committees and Management. The Board Charter is reviewed and updated periodically to ensure that any updates on relevant laws and regulations are duly incorporated.

The Board reserves full decision making powers notwithstanding any delegation of authority to the Board Committees and Management, on matters relating to amongst others, strategies, business plans and budget, significant policies, conflict of interest issues

relating to a substantial shareholder and/or a Director, material acquisitions and disposal of assets not in the ordinary course of business, investment in capital projects, authority levels, risk management policies, Shariah matters as well as key human resources issues.

As at 31 December 2021, there were six (6) Board members, comprised of the Chairman who is an Independent Non-Executive Director, four (4) Independent Non-Executive Directors and one (1) Non-Independent Executive Director.

Based on the assessment conducted on the probity, personal integrity and reputation, competence and capability and financial integrity, the Board Members are fit and proper to hold the position as Directors of MIDF Investment Bank.

A total of seventeen (17) Board meetings were held during the year under review and the write up on individual directors of MIDF Investment Bank are as follows:

1. DATUK AZIZAN BIN ABD RAHMAN

Chairman/Independent Non-Executive Director

Malaysian/Male/Age:66

Date of Appointment: 1 January 2013

Date of Appointment as Chairman of the Board: 15 February 2016

Qualifications

- Bachelor Degree (Hons) in Accounting, University of Malaya
- Master's Degree in Business Administration, University of Queensland, Australia
- Chartered Accountant of the Malaysian Institute of Accountants, Malaysian Institute of Accountants
- Fellow Member of Certified Public Accountant, Australia

Working Experience

Datuk Azizan bin Abd Rahman ("Datuk Azizan") possesses vast experience and knowledge with BNM from 1979 to 2005 where he had held various positions in the areas of finance, examination, and supervision. He was a director of Banking Supervision and was overall in charge of supervising various local commercial banks, Development Financial Institutions, and other foreign banks. In 2005, he was seconded to assume the post of Director-General of Labuan Financial Services Authority ("Labuan FSA") until his retirement in September 2011.

Directorships

- (i) Malaysian Industrial Development Finance Berhad
- (ii) MIDF Amanah Investment Bank Berhad
- (iii) Kensington Trust Malaysia Berhad
- (iv) Cagamas SRP Berhad
- (v) OCBC Bank (Malaysia) Berhad

- (vi) OCBC Al-Amin Bank Berhad
- (vii) Danum Capital Berhad
- (viii) Cagamas Berhad
- (ix) CTOS Digital Berhad

Trainings and Education provided

- (i) Cybersecurity Landscape and Awareness for MIDF Board of Directors and Senior Management Programme
- (ii) Special Briefing on Risk-adjusted Return on Capital (RAROC) Implementation and Application
- (iii) Shariah Dialogue 2021 (WAQF)
- (iv) BNM-FIDE FORUM Dialogue The Role of Independent Director in Embracing the Present and Future Challenges
- (v) BNM-FIDE FORUM Dialogue on the Future of Malaysia's Financial Sector
- (vi) OCBC/FIDE – FIDE Elective: Risk Management in Technology & Digital Transformation: What they mean for Governance and Strategic Risk of Bank and Insurance Boards
- (vii) The Joint Committee on Climate Change (JC3) Flagship Conference 2021: Finance for Change
- (viii) BNM-FIDE FORUM Dialogue on RMIi Implementation
- (ix) MIDF Conversation with Jalil Rasheed
- (x) MIDF Conversation with Professor Dato' Dr. Adeeba Kamarulzaman
- (xi) MIDF Conversation with Adrian Ong
- (xii) The Board's role and responsibilities in Crisis Communication
- (xiii) Shariah Programme on "Legal Islamic Finance – Sharing Cases" with Mr. Jal Othman
- (xiv) MIDF Conversation with Tan Sri Dr. Jeffrey Cheah
- (xv) Raising Defences: Section 17A, MACC Act talked by Datuk Paduka Muhammad Juanda and The Chau Chin & Datin Paduka Nandrajong
- (xvi) Advocacy Program for the Directors and Senior Management – Rising to the Challenge to Covid-19 and Re-Designing Cyber Security
- (xvii) Protecting Against the Challenging Cyber Security Landscape (Bursa Cyber Security Workshop 2021)
- (xviii) Briefing by Ernst & Young on BNM Guidelines
- (xix) CG Talk namely Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution

Directors' Shareholding in MIDF Investment Bank

Nil

2. DATO' KAZIAH BINTI ABD KADIR

Independent Non-Executive Director

Malaysian/ /Female/Age: 71

Date of Appointment: 30 June 2016

Qualifications

Bachelor of Arts (Honours) in Economics, University of Malaya

Working Experience

Dato' Kaziah binti Abd. Kadir ("Dato' Kaziah") is currently an Advisor to PricewaterhouseCoopers Taxation Services Sdn Bhd ("PWC"), a position which she has held since July 2008. Previously, she was an advisor of Investor Relations, Investment Management Division of East Coast Economic Region Development Council from 2009 to 2019.

Prior to joining PWC, Dato' Kaziah served the Malaysian Industrial Development Authority ("MIDA") since 1975 and her last position was as the Deputy Director-General I of MIDA from 2003 until 2008. She was also the Chairman in the ASEAN Coordinating Committee on Investment from 2006 to 2007.

Directorships

- (i) Malaysian Industrial Development Finance Berhad
- (ii) MIDF Amanah Investment Bank Berhad
- (iii) Panasonic Manufacturing Malaysia Berhad

Trainings and Education provided

- (i) Cybersecurity Landscape and Awareness for MIDF Board of Directors and Senior Management Programme
- (ii) Islamic Finance For Board Of Directors Programme ("IF4BOD") Compulsory Program for MIDF Berhad and MIDF Investment Bank only
- (iii) Shariah Dialogue 2021 (WAQF)
- (iv) Open Enrolment Programme – Raising Defences: Section 17A, MACC Act
- (v) Sustainable Finance: Making Better Financial Decisions
- (vi) Talk On "Implementing Amendments in Malaysian Code On Corporate Governance"
- (vii) Shariah Programme on "Legal Islamic Finance – Sharing Cases" with Mr. Jal Othman
- (viii) Identifying Red Flags in Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT)
- (ix) Briefing by Ernst & Young on BNM Guidelines
- (x) Integrity Programme on Anti-Bribery and Corruption for Board of Directors and Senior Management

Directors' Shareholding in MIDF Investment Bank

Nil

3. ENCIK AHLAN NASRI BIN MOHD NASIR

Independent Non-Executive Director

Malaysian/Male/Age: 53

Date of Appointment: 4 April 2017

Qualifications

- BA Jurisprudence, St Anne's College, Oxford University, UK
- Certified Diploma in Accounting & Finance, ACCA, UK
- Certified Legal Practice, Legal Qualifying Board, Malaysia

Working Experience

During the period under review, Encik Ahlan Nasri bin Mohd Nasir ("Encik Ahlan") has resigned as Partner of Messrs. Kadir Andri & Partners, Advocates & Solicitors on 10 September 2021 to assume new appointment as Head Legal, Tenaga Nasional Berhad, with effect from 13 September 2021. He was previously the Legal Director at Danajamin Nasional Berhad, and prior to that, he had held partnerships at several legal firms including Messrs. Zaid Ibrahim & Co and Messrs. Zain & Co and also in-house positions in two large Malaysian companies.

Directorships

- (i) MIDF Amanah Investment Bank Berhad

Trainings and Education provided

- (i) Cybersecurity Landscape and Awareness for MIDF Board of Directors and Senior Management Programme
- (ii) Islamic Finance For Board Of Directors Programme ("IF4BOD")
- (iii) Special Briefing on Risk-adjusted Return on Capital (RAROC) Implementation and Application
- (iv) Shariah Dialogue 2021 (WAQF)
- (v) Executive Certificate on General Management: Strategic Management
- (vi) Identifying Red Flags in Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT)
- (vii) Shariah Programme on "Legal Islamic Finance – Sharing Cases" with Mr. Jal Othman
- (viii) Contract Basics for Non-Lawyer – as trainer/presenter

Directors' Shareholding in MIDF Investment Bank

Nil

- 4. ENCIK AZLAN BIN ABDULLAH**
Independent Non-Executive Director
Malaysian/Male/Age: 63
Date of Appointment: 18 May 2017

Qualifications

- Bachelor of Science in Business Administration, Trinity University, San Antonio, Texas, USA
- Master's Degree in Business Administration, Morehead State University, Kentucky, USA.

Working Experience

Encik Azlan bin Abdullah ("Encik Azlan") is currently a Managing Director of Langkawi Yacht City Berhad, a position which he has held since 4 February 2016. He started his career in 1983 with Citibank N A and in 1987, he joined United Asian Bank ("UAB") where he started and headed the Treasury Marketing Unit. After UAB merged with Bank of Commerce, he was subsequently promoted to Head of Priority Banking Division and Branch Manager of the KL Main Branch in 1992. In 1994, he rejoined Citibank Berhad as Vice President and Head of Public Sector Division.

He served as the Group Managing Director/Chief Executive Officer of Melewar Industrial Group Berhad from 23 September 2002 to 10 February 2019 and Executive Director/Chief Executive Officer of Mycron Steel Berhad from 30 March 2004 to 31 May 2015.

Directorships

- (i) MIDF Amanah Investment Bank Berhad
- (ii) Mycron Steel Berhad
- (iii) Melewar Industrial Group Berhad
- (iv) Langkawi Yacht City Berhad

Trainings and Education provided

- (i) Special Briefing on Risk-adjusted Return on Capital (RAROC) Implementation and Application
- (ii) Islamic Finance For Board Of Directors Programme ("IF4BOD")
- (iii) Identifying Red Flags in Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT)
- (iv) Shariah Programme on "Legal Islamic Finance – Sharing Cases" with Mr. Jal Othman

Directors' Shareholding in MIDF Investment Bank

Nil

5. **DATO' CHARON WARDINI BIN MOKHZANI**

Group Managing Director/Non-Independent Executive Director

Malaysian/Male/Age: 58

Date of Appointment as Chief Executive Officer/Executive Director: 2 July 2018

Date of Appointment as Non-Independent Executive Director: 2 July 2019

Qualifications

- B.A. (Hons) in Philosophy, Politics and Economics, Balliol College, University of Oxford
- L.L.B. (Hons) at the School of Oriental and African Studies, University of London
- Barrister of the Middle Temple, Middle Temple /Holborn Law Tutors
- Advocate and Solicitor of the High Court of Malaya
- Chartered Bankers and Fellow of the Asian Institute of Chartered Bankers

Working Experience

Dato' Charon Wardini Bin Mokhzani ("Dato' Charon") was previously an Executive Director in Managing Director's Office at Khazanah Nasional Berhad and the founding Managing Director of the Khazanah Research Institute. Prior to Khazanah Nasional Berhad, he headed investment banking globally as the Deputy Chief Executive Officer of Investment Banking, CIMB Group and the Chief Executive Officer of CIMB Investment Bank Berhad.

He was the Managing Partner of Messrs. Zaid Ibrahim & Co. until July 2003. Prior to joining Messrs. Zaid Ibrahim & Co., he served as the Corporate Finance Manager of Rashid Hussain Securities Sdn Bhd and before that, he was an advocate and solicitor of Messrs. Shearn Delamore & Co.

Directorships

- (i) Malaysian Industrial Development Finance Berhad
- (ii) MIDF Amanah Investment Bank Berhad
- (iii) MIDF Amanah Asset Management Berhad
- (iv) Yayasan Tuanku Fauziah
- (v) Yayasan Tuanku Syed Putra Perlis

Trainings and education provided

- (i) Cybersecurity Landscape and Awareness for MIDF Board of Directors and Senior Management Programme
- (ii) Special Briefing on Risk-Adjusted Return on Capital (RAROC) Implementation and Application
- (iii) Shariah Dialogue 2021 (WAQF)
- (iv) Islamic Finance for Board of Directors Programme (IF4BOD) (Compulsory Programme for MIDF Berhad and MIDF Investment Bank only)
- (v) Shariah Programme on "Legal Islamic Finance – Sharing Cases" with Mr. Jal Othman

- (vi) Identifying Red Flags in Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) by SIDC
- (vii) BNM-FIDE Forum Annual Dialogue with Tan Sri Nor Shamsiah Mohd Yunus, Governor of Bank Negara Malaysia
- (viii) Integrity Programme on Anti-Bribery and Corruption for Board of Directors and Senior Management

Directors' Shareholding in MIDF Investment Bank

Nil

6. DATUK MOHD NASIR BIN ALI

Independent Non-Executive Director

Malaysian/Male/Age: 63

Date of Appointment: 5 August 2019

Qualifications

- Bachelor of Economic (Hons), University of Malaya
- Master of Science (Financial Studies), University of Strathclyde, United Kingdom

Working Experience

Datuk Mohd Nasir bin Ali ("Datuk Nasir") started his career with Permodalan Nasional Berhad as a Senior Financial and Marketing Analyst prior to joining BBMB Unit Trust Management Berhad as an Investment Manager in 1988.

Datuk Nasir joined Mayban Securities Sdn Bhd as General Manager of Dealing & Research Department. Following that, he was appointed as the Chief Executive Officer of Kuala Lumpur City Securities Sdn Bhd. Prior to his retirement, he served as a Group Executive Director at Utusan Melayu (Malaysia) Berhad.

Directorships

- (i) MIDF Amanah Investment Bank Berhad
- (ii) Goodyear Malaysia Berhad
- (iii) EA Technique Berhad
- (iv) iCapital.Biz Berhad
- (v) Badan Pengawas Pemegang Saham Minoriti Berhad
- (vi) ICB Islamic Bank Ltd, Dhaka Bangladesh
- (vii) International Commercial Bank (Tanzania) Ltd
- (viii) Damansara Holdings Berhad (appointed w.e.f 24 January 2022)
- (ix) Gold LI Berhad (appointed w.e.f 24 January 2022)

Trainings and Education provided

- (i) Shariah Dialogue 2021 (WAQF)
- (ii) Islamic Finance for Board of Directors Programme ("IF4BOD")

- (iii) Talk on “Implementing Amendments in the Malaysian Code on Corporate Governance”
- (iv) The Board’s Role and Responsibilities In Crisis Communication
- (v) BNM-FIDE FORUM Dialogue on RMiT Implementation
- (vi) Identifying Red Flags in Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT)
- (vii) Shariah Programme on “Legal Islamic Finance – Sharing Cases” with Mr. Jal Othman
- (viii) Briefing by Ernst & Young on BNM Guidelines
- (ix) Integrity Programme on Anti-Bribery and Corruption for Board of Directors and Senior Management

Directors’ Shareholding in MIDF Investment Bank

Nil

BOARD BALANCE

The Board actively seeks to ensure it has an appropriate mix of diversity, skills, experience and expertise to effectively discharge its collective responsibilities. In discharging its fiduciary duties and leadership functions, the Board recognizes the need for it to continuously evolve as a dynamic Board in understanding and shaping the strategic direction of the Bank. As at 31 December 2021, the Board comprises five (5) Independent Non-Executive Directors and one (1) Non-Independent Executive Director. The composition of the Board reflects a wide range of experience and expertise in areas such as banking, accounting, insurance, economics, business administration and legal and capital market.

Our Board recognizes the important role that Independent Directors play in ensuring good Corporate Governance practices within MIDF Investment Bank. All Directors, regardless of their independent status, are required to act in the best interest of MIDF Investment Bank and to exercise free and independent judgement. It has been the directors’ practice to disclose their interest or any possible conflicts on any matter put forth for the Board’s consideration. Any interested Director shall recuse himself/herself when required and abstain from deliberation to allow unbiased and open discussion and decision making. The Directors are highly cognizant of their duties to disclose conflict of interest situation accordingly.

All the five (5) Independent Directors are independent of Management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgment. All the Board members have met the minimum requirement of 75% attendance at Board meetings. Details of Directors’ attendance at Board meetings for the period under review are as follows:

No.	Board of Directors	Meetings Attendance
1.	Datuk Azizan bin Abd Rahman	13 out of 13
2.	Dato' Kaziah binti Abd Kadir	13 out of 13
3.	Encik Ahlan Nasri bin Mohd Nasir	13 out of 13
4.	Encik Azlan bin Abdullah	13 out of 13
5.	Dato' Charon Wardini bin Mokhzani	13 out of 13
6.	Datuk Mohd Nasir bin Ali	13 out of 13

BOARD COMMITTEES

In discharging its roles and responsibilities, the Board has established specialized Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration. Although the Board has delegated certain duties to the Board Committees, it remains responsible for the decisions of the committees. The Board has delegated specific responsibilities to the following five (5) Committees:

- (1) Audit Compliance Committee;
- (2) Risk Management Committee;
- (3) Nomination and Remuneration Committee;
- (4) Credit Committee of the Board; and
- (5) Shariah Committee.

Each Committee operates under its respective terms of reference or guidelines.

(1) AUDIT COMPLIANCE COMMITTEE

The Audit Compliance Committee ("ACC") comprises three (3) Independent Directors. The ACC members and their attendance at meetings held during the period under review are as follows:

No.	Name	Position	Meetings Attendance
1.	Encik Ahlan Nasri bin Mohd Nasir	Chairman	6 out of 6
2.	Datuk Azizan bin Abd Rahman ¹	Member	6 out of 6
3.	Datuk Mohd Nasir bin Ali	Member	6 out of 6

The primary duty of the ACC is to assist the Board in fulfilling its oversight function, with the objective of safeguarding shareholder's investments and the Bank's

assets, in the following areas:

- 1) Financial Statements and Reporting
 - (i) Ensure fair and transparent reporting and prompt publication of the financial accounts.
 - (ii) Review the interim, quarterly financial statements and the annual financial statements for recommendation to the Board for approval, focusing particularly on:
 - (a) Any changes in accounting policies and practices;
 - (b) Significant adjustments arising from the audit;
 - (c) The going concern assumption; and
 - (d) Compliance with accounting standards and other legal and regulatory requirements.
 - (iii) Review the accuracy and adequacy of the Chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
- 2) Effectiveness of Internal Audit and Compliance Functions
 - (i) Oversee the functions of the Internal Audit and Compliance as per the requirements of Bank Negara Malaysia Guidelines on Internal Audit Function of Licensed Institutions, Bank Negara Malaysia Guidelines on Corporate Governance, the Securities Commission Guidelines on Performance of Supervisory Functions and the Rules of Bursa Malaysia Securities.
 - (ii) Review and approve the following:
 - (a) audit charter/policy, audit plan and budget, and scope of the internal audit programme and frequency; and
 - (b) compliance charter/policy, compliance plan and budget, and scope of compliance programme and frequency.
- 3) Review and approve the internal audit and compliance reports and ensure

Management addresses the audit and compliance issues appropriately and in timely manner.

- 4) Assess the performance and effectiveness of the internal audit and compliance functions and communicate the results of the assessment on internal audit and compliance to ACC of MIDF Berhad and Board of MIDF Investment, respectively.
- 5) Meet with internal auditor without the presence of Management, at least annually.
- 6) If any, note significant disagreements between the Chief Internal Auditor (CIA) and the Management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings.
- 7) Internal Controls Framework
Oversee the implementation of MIDF Investment Bank's internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of MIDF Investment Bank's operations.
- 8) External Auditor
 - (i) Recommend the appointment, remuneration and removal of the external auditors.
 - (ii) Assess objectivity, performance and independence of external auditor (e.g. by reviewing and assessing the various relationships between the external auditor and MIDF Investment Bank or any other entity).
 - (iii) Review the external auditor's management letter and response.
 - (iv) Approve the provision of non-audit services by the external auditor.
 - (v) Ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the external auditor.
 - (vi) Review the external auditor's report and recommendations, and ensure that issues are being managed by Management and rectified appropriately and in a timely manner.

- (vii) Have direct communication channels with the external auditors and able to meet with the external auditor without the presence of management, at least annually.
- 9) Related Party Transaction ("RPT")
Review all RPT and keep the board informed of such transactions.
 - 10) Conflict of Interest
Monitor compliance with the board's conflicts of interest policy.
 - 11) Others
 - (i) Review third-party opinions on the design and effectiveness of the Company's internal control framework.
 - (ii) The ACC meets on a quarterly basis and shall meet once during the year with the external auditors, in separate session without the presence of any executive member of the Board or Senior Management.

(2) RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") comprises a majority of Independent Directors. The RMC members and their attendance at meetings held during the period under review are as follows:

No.	Name	Position	Meetings Attendance
1.	Datuk Mohd Nasir bin Ali	Chairman	6 out of 6
2.	Encik Azlan bin Abdullah	Member	6 out of 6
3.	Datuk Azizan bin Abd Rahman	Member	6 out of 6

The RMC shall hold regular meeting, at least once every quarter and responsible to oversee Senior Management's activities in managing credit, market, liquidity, operational, legal, Shariah and other risks. The RMC ensures that the risk management process is in place and functioning. The roles and responsibilities of RMC are as follows:

- 1) Review and recommend risk management strategies, policies and risk tolerance for Board's approval.
- 2) Review and assess adequacy of risk management policies and framework in identifying measuring, monitoring and controlling risk and the extent to which these are operating effectively.

- 3) Ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems performs those duties independently of the financial institutions' risk-taking activities.
- 4) Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
- 5) Assist in the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the board remuneration committee.

(3) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") comprises three (3) Independent Non-Executive Directors. The NRC is required to meet at least twice a year. The members of the NRC and their attendance at meetings held during the period under review are as follows:

No.	Name	Position	Meetings Attendance
1.	Dato' Kaziah binti Abd Kadir	Chairman	5 out of 5
2.	Encik Ahlan Nasri bin Mohd Nasir	Member	4 out of 5 ¹
3.	Encik Azlan bin Abdullah	Member	5 out of 5

Note:

1. Encik Ahlan Nasri bin Mohd Nasir was unable to attend one (1) NRC meeting in 2021 due to reasonable excuse as acknowledged and approved by the NRC members.

The objectives of the NRC:-

- 1) To provide a formal and transparent procedure for the appointment of Directors and Chief Executive Officer.
- 2) To develop a remuneration policy for Directors, Chief Executive Officer and Key Senior Management Officer.
- 3) To provide a formal and transparent procedure for assessment of the effectiveness of individual Directors, Board of Directors ("Board") as a whole

and performance of Chief Executive Officer and Senior Management Officers.

- 4) To ensure that compensation is competitive and consistent with the licensed institution's culture, objective and strategies.

Duties of NRC amongst others are to:

A. Nomination

- 1) Establish minimum requirements for the Board i.e. the required mix skills, experience, qualification and other core competencies required of a Director.
- 2) Establish minimum requirements and criteria for the Chief Executive Officer to be approved by the Board.
- 3) Recommend and assess the nominees for Directorship, Board Committee members as well as nominees for the Chief Executive Officer. This includes assessing directors for reappointment, before an application for approval is submitted to Bank Negara Malaysia. The actual decision as to who shall be nominated should be the responsibility of the Board.
- 4) Oversee the overall composition of the Board, in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review.
- 5) Recommend to the Board the removal of a Director/Chief Executive Officer from the Board/Management if the Director/Chief Executive Officer is ineffective, errant and negligent in discharging his/her responsibilities.
- 6) Establish a mechanism for the formal assessment on the effectiveness of the board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the Chief Executive Officer.
- 7) Ensure that all directors receive and appropriate continuous training program in order to keep abreast with the latest developments in the industry.
- 8) Assess the appointment of Senior Management Officers for recommendation to the Board for approval, in instances where the proposed remuneration package exceeds the job band.
- 9) Oversee the management succession planning program of Senior

Management Officers who report directly to the Chief Executive Officer.

- 10) Assess, on an annual basis, that the Directors and Chief Executive Officer are qualified under Section 59(1) of the Financial Services Act 2013 [FSA].

B. Remuneration

- 1) Recommend a framework of remuneration for Directors, Chief Executive Officer, and Key Senior Management Officers for the Board's approval. The remuneration framework should support the licensed institution's culture, objectives, and strategy and should reflect the responsibility and commitment, which goes with board membership and responsibilities of the Chief Executive Officer and Senior Management Officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain directors of calibre, and yet not excessive to the extent the licensed institution's funds are used to subsidise the excessive remuneration packages. The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, and benefits-in-kind.
- 2) Recommend specific remuneration packages for Executive Directors and the Chief Executive Officer. The remuneration package should be structured such that it is competitive and consistent with the licensed institution's culture, objectives, and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risks taking.
- 3) In cases where the proposed remuneration package of Key Senior Management Officers (who report directly to the Chief Executive Officer) exceeds the job band, the NRC shall assess the proposed remuneration package and recommend to the Board for approval.

(4) CREDIT COMMITTEE OF THE BOARD

The Credit Committee of the Board ("CCB") comprises three (3) Independent Directors and one (1) Non-Independent Executive Director. The CCB members and their attendance at meeting held during the period under review are as follows:

No.	Name	Position	Meetings Attendance
1.	Encik Azlan bin Abdullah	Chairman	15 out of 15
2.	Encik Ahlan Nasri bin Mohd Nasir	Member	15 out of 15
3.	Dato' Charon Wardini bin Mokhzani	Member	14 out of 15 ¹
4.	Datuk Mohd Nasir bin Ali	Member	15 out of 15

Note:

1. Dato' Charon Wardini bin Mokhzani was unable to attend one (1) CCB meeting in 2021 due to reasonable excuse as acknowledged and approved by the CCB members.

The CCB shall hold regular meetings, at least once every month and where necessary, to review and oversee the development of credit strategy, policies and procedures governing the Bank's credit operations, amongst others in accordance to its Terms of Reference as follows:

- 1) Oversee, review and endorse MIDF Investment Bank's credit strategy, policies and limits governing MIDF Investment Bank's credit operations.
- 2) Review the adequacy of credit policies and procedures and that credit operations are in line with approved credit strategy, policies and limits.
- 3) Review and thereafter affirm or veto applications for credit facilities (covering direct lending/financings and underwriting of and/or subscription of Corporate Bonds/Sukuk but excluding facilities outlined in paragraph 4.4 and 4.6), renewals and/or extensions, annual reviews and any variations to previously approved terms and conditions for amount exceeding certain predetermined threshold based on credit risk rating but up to a Single Counterparty Exposure Limit ("SCEL") which has been approved by the Credit Committee ("CC") and where appropriate, impose additional or more stringent terms and conditions as deemed necessary.
- 4) Review and thereafter affirm or veto new application of Share Margin Financing ["SMF"] for amount exceeding RM10 million up to a SCEL which has been approved by the CC and where appropriate, impose additional or more stringent terms and conditions as deemed necessary.
- 5) Review and thereafter affirm or veto the margin renewal of existing account of SMF with limit exceeding RM10.0 million (in aggregate basis as per the SCEL) as per criteria stipulated in Bank-Wide Risk Management Policies (Section 6: Credit Risk and Credit Concentration Risk Management Policy).
- 6) Review and thereafter affirm or veto all proposals for underwriting/sub-underwriting of equity and equity-linked securities approved by the CC.
- 7) Review and thereafter affirm or veto the restructuring and rescheduling of non-performing loans/financing or defaulted Corporate Bonds/Sukuk approved by CC.

- 8) Consider and approve the disposal of collateral quoted shares and other pledged assets on non-performing loan accounts/financings under circumstances as provided for in the Credit Policy.
- 9) Perform such other functions as delegated by the Board of Directors from time to time.

(5) SHARIAH COMMITTEE

The Shariah Committee is an independent body established by the Board to provide decisions, views and opinions related to Shariah matters and to perform oversight role on Shariah matters related to the Islamic business, operations, activities and affairs of MIDF Investment Bank and the entities under the Group to ensure their continuous compliance with Shariah.

In discharging its duties, the Shariah Committee discloses sufficient information in the Bank's annual financial report on the state of Shariah compliance of the Bank's Islamic banking business ("*Skim Perbankan Islam*").

The general roles and responsibilities of the Shariah Committee in accordance with its Charter are, amongst others, as follows:

- 1) Provide independent and sound advice to MIDF Investment Bank and the entities under the Group on Shariah matters in respect of their Islamic finance operations;
- 2) Responsible and accountable for all Shariah decisions, opinions and views provided in the course of discharging the duties and responsibilities as a Shariah Committee for MIDF Investment Bank;
- 3) Validate and endorse the relevant Policies, Procedures and Islamic finance documentations for any Shariah-related products and service as Shariah-compliant;
- 4) Assist MIDF Investment Bank and the entities under the Group for any submission to Shariah Advisory Council of Bank Negara Malaysia or that of Securities Commission Malaysia;
- 5) Assess work carried out by Shariah functions and Shariah control functions; and
- 6) Assist related parties such as legal counsel, auditor or consultant on Shariah matters upon request.

The Shariah Committee provides its quarterly reports to the Board which encompass, amongst others, highlights on the decisions, advice and opinions provided on the issues related to Islamic business, operations, activities and affairs of MIDF Investment Bank.

Based on the Shariah Governance Policy Document for Islamic Financial Institutions ("SGPD") issued on 20 September 2019 by Bank Negara Malaysia, the Shariah Committee meetings shall be held at least two (2) times a year.

For the financial year ended 31st December 2021, the above meeting requirement had been met. In addition, all the individual Shariah Committee members have met the minimum requirement of 75% attendance at the Shariah Committee meetings and the attendance is as follows:

No.	Name	Position	Meetings Attendance
1.	Dr. Mohamad Sabri bin Zakaria	Chairman	13 out of 13
2.	Ustaz Mazrul Shahir bin Md Zuki [Retired on 17 June 2021]	Member	8 out of 8
3.	Encik Ahmad Lutfi bin Abdul Mutalip	Member	13 out of 13
4.	Assoc. Prof. Dr. Siti Salwani Razali [Joined w.e.f. 1 April 2021]	Member	8 out of 8
5.	Dr. Muhammad Najib Bin Abdullah [Joined w.e.f. 1 July 2021]	Member	5 out of 5

BOARD TECHNOLOGY COMMITTEE

The Board Technology Committee ("BTC") was established on 1 May 2021 to support the Board of Malaysian Industrial Development Finance Berhad ("MIDF Berhad") and its subsidiaries ("MIDF Berhad Group") in providing direction and oversight over technology-related matters, including risk, in line with internal, as well as relevant regulatory requirements.

In fulfilling this objective, the BTC shall review, evaluate and recommend technological applications and innovations for the formulation of MIDF Berhad Group's medium and long-term business strategy, and assist the Board in ensuring that the Group's technology resources and initiatives are aligned with its overall digitalisation strategy and objectives vis-à-vis revenue growth and strategic cost reduction.

The BTC comprises three (3) members which is a combination of independent and non-independent directors from the members of the Board of MIDF Berhad Group. The BTC shall meet on a quarterly basis or as and when required. The BTC members and their

attendance at meeting held during the period under review are as follows:

No.	Name	Position	Meetings Attendance
1.	Datuk Yasmin binti Mahmood (Non-Independent Non-Executive Director of MIDF Berhad)	Chairman	5 out of 5
2.	Encik Ahmad Lutfi bin Abdul Mutalip (Independent Non-Executive Director of MIDF Berhad)	Member	5 out of 5
3.	Encik Ahlan Nasri bin Mohd Nasir	Member	5 out of 5

The general roles and responsibilities of BTC in accordance with its Terms of Reference are, amongst others, as follows:

- 1) The BTC shall also have the authority to conduct enquiries and obtain independent external legal or other professional advice if it considers necessary in discharging its duties and responsibilities, at the cost of MIDF Berhad and/or its subsidiaries. This should serve to promote informed and robust decision-making by the BTC/Board in a manner that complements and adds value to the work of senior management.
- 2) Review and recommend to the Board for approval, the technology risk appetite which is to be aligned with MIDF Berhad Group's risk appetite statement. In doing so, the BTC shall recommend to the Board for approval, the corresponding risk tolerances for technology-related events, key performance indicators and forward-looking risk indicators, these serving to help monitor MIDF Berhad Group's technology risk against its approved risk tolerance.
- 3) Ensure and oversee the adequacy of MIDF Berhad Group's IT and cybersecurity strategic plans covering a period of no less than three (3) years. This shall include reviewing their annual budgets prior to approval of MIDF Berhad Group's budgets by the Board.
- 4) These plans, which shall be in line with MIDF Berhad Group's current and envisaged operations, strategies and its business environment, shall address MIDF Berhad Group's requirements:
 - (i) for technology-based infrastructure with regard to data recovery, system availability and cost effectiveness;
 - (ii) to mitigate IT and cyber security risks;
 - (iii) to manage technology obsolescence;

- (iv) to use technology to enhance returns from MIDF Berhad Group's financial and non-financial resources; and
 - (v) to ensure compliance with internal and external regulatory requirements.
- 5) Oversee the effective implementation of a sound and robust Technology Risk Management Framework and Cyber Resilience Framework for MIDF Berhad Group to ensure the continuity of operations and delivery of services.
 - 6) Exercise effective oversight and address associated risks when engaging third (3rd) party service providers for critical technology functions and systems.
 - 7) Provide oversight over cloud strategy and operational management for critical systems.

REMUNERATION

The variable remuneration that had been made payable to the directors is as per **APPENDIX 1** attached.