

BOARD OF DIRECTORS CHARTER

1.0 STATEMENT OF POLICY

The Board of Directors (“OCBC Al-Amin Board”) of OCBC Al-Amin Bank Berhad (the “Company”) is elected by the Company’s shareholder, OCBC Bank (Malaysia) Berhad (“OBMB”), to supervise the management of the business and affairs of the Company. The prime stewardship responsibility of OCBC Al-Amin Board is to ensure the viability of the Company and to ensure that it is managed in the best interests of the shareholder and the general public. In pursuing this corporate goal, OCBC Al-Amin Board is to ensure that the business operations and activities of the Company comply with Shariah Rules and Principles. As custodian of public funds, the Company must exhibit integrity and professionalism in its conduct to engender public confidence in the safety of their deposits.

2.0 BOARD COMPOSITION

2.1 Selection of Members

The OCBC Al-Amin Board maintains an overview of the experience expected of the new directors. It reviews candidates proposed by the shareholder and proposes candidates for approval by the shareholder. The appointments shall be subject to the approval of Bank Negara Malaysia (“BNM”).

The OCBC Al-Amin Board will periodically evaluate the performance of the directors for reappointment to or retirement from OCBC Al-Amin Board. The assessment will include, but not be limited to, contribution, commitment, dedication, and continued relevance of experience and skills.

2.2 Membership Criteria

Board members must have an appropriate mix of skills, knowledge and experience in business.

To ensure the effectiveness of the Board, members should be from diverse backgrounds, with knowledge and experience in different pertinent disciplines which may include finance, accounting, legal, business management, information technology, investment management and Shariah based financing or investments and the associated risks. They should also possess strategic thinking and leadership skills and are dynamic and responsive to the business environment. In addition, they should have knowledge of the customer and regulatory requirements, and risk analyses and control.

As the Company is a wholly owned subsidiary of the shareholder, members in proposing and reviewing the candidates for membership should be conscious of the needs of all stakeholders.

2.3 Independent Directors

The number of independent directors on the Board and the determination of independence status shall be determined by the Board and guided by the relevant legislation and regulations.

The Nominating & Remuneration Committee is required to assess the independence of independent directors who have served the Bank continuously for 9 years or more. The Committee can invite the independent director to serve beyond his or her tenure or beyond 9 years if the Committee is satisfied, after the assessment, that the relevant director's independence is not compromised and it is in the interest of the Bank to retain the service of the relevant director in the same capacity.

2.4 Chairman

The OCBC Al-Amin Board shall appoint its Chairman and Vice-Chairman/Vice-Chairmen from among the Company's Directors, subject to the approval of its ultimate parent bank i.e. Oversea-Chinese Banking Corporation Limited, Singapore. The Chairman is the Board's representative in its dealings with the parent company. He is responsible for ensuring that communications to the parent company are timely and relevant. To ensure the proper separation of governance from management, the roles of Chairman and CEO Al-Amin shall be vested with two different individuals.

2.5 Term of Directors

The Directors are elected by the shareholder at the Annual General Meeting and the Company's Constitution provides for the retirement of Directors by rotation. All appointment and re-appointment of Directors shall be subject to BNM's approval.

3.0 BOARD COMMITTEES

3.1 Number and Structure of Committees

The Board delegates certain of its functions to its Committees, each of which is guided by a written terms of reference approved by OCBC Al-Amin Board. There are three Committees of the Board:

- (a) Board Audit Committee;
- (b) Risk Management Committee; and
- (c) Nominating & Remuneration Committee.

Any proposed change to the terms of reference or any action beyond the terms requires the approval and ratification of OCBC Al-Amin Board.

3.2 OCBC Al-Amin Board has delegated the approving authority on risk management issues to the Risk Management Committee as approved by BNM vide its letter dated 2 July 2009.

3.3 Independent Committee Members

The appointment of independent and non-independent directors as members of the Board Committees shall be determined by the Board and guided by the relevant legislation and regulations.

4.0 MEETINGS OF THE BOARD AND COMMITTEES

4.1 Agenda

The Chairman of the OCBC Al-Amin Board, in consultation with the CEO Al-Amin develops the agenda for OCBC Al-Amin Board Meetings.

4.2 Documents

Information and materials, duly endorsed by CEO Al-Amin and the relevant functional heads that are important to the Directors' understanding of the agenda items and related topics are distributed in advance of the meeting. The Company will provide information on the business, finances and risks of the Company to the Directors on a regular basis as well as on an as-required basis.

4.3 Meetings

The OCBC Al-Amin Board may meet at any time but no less than six times a year. At all meetings of the OCBC Al-Amin Board, the Chairman, if present, shall preside. If the Chairman of the OCBC Al-Amin Board is absent, the Vice-Chairman of the Board shall preside. If there is no Vice-Chairman, the members present at the meeting shall elect a chairman of the meeting.

The Secretary (including any assistant secretary) of the Company shall be in attendance and a record of the proceedings shall be kept. Board members may participate in meetings by means of video-conferencing, conference calls, or similar communication equipment by means of which all persons participating in the meeting can communicate with one another.

The meetings of the Board Committees are similarly guided by their respective terms of reference.

4.4 Management at Meetings

Appropriate members of the Management of OBMB and/or OCBC Group may be invited to participate and/or make presentations at Meetings to allow Directors to gain additional understanding and insight into the Company's businesses.

4.5 Written or Circulating Resolutions

A resolution in writing signed, approved or assented by letter, electronic mail or facsimile given by majority of the Directors being entitled to receive notice of meeting of the Directors shall be valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as “Directors’ Written Resolutions” and may consist of several documents in the like form each signed by one or more of the Directors and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company’s minutes book following the receipt thereof by him. Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.

The written resolutions of the Board Committees are similarly guided by their respective terms of reference.

4.6 Minutes of Committee Meetings

Minutes of Committee meetings should be provided to all Directors at the next appropriate Board meeting following the Committee meetings. The Directors are invited to seek clarifications of the issues raised in the Committee meetings.

5.0 DUTIES AND RESPONSIBILITIES OF THE BOARD

The OCBC Al-Amin Board has responsibilities to adhere to the laws of the jurisdictions within which it operates. Management operates within the confines of the rules and regulations and provides the OCBC Al-Amin Board with the assurance that they have been duly adhered and complied with. Apart from the above, the Board ensures that it complies with the Company’s Constitution.

The OCBC Al-Amin Board delegates authority to the Board Committees, CEO Al-Amin and any other bodies as it deems fit for effective management of the Company. Any authority delegated emanates from the OCBC Al-Amin Board and is not intended to replace the powers of the OCBC Al-Amin Board.

Broadly, the duties and responsibilities of the OCBC Al-Amin Board and Directors include but are not limited to the following:

5.1 Risk Oversight

The OCBC Al-Amin Board and Directors shall ensure that the policies executed in OCBC Al-Amin are aligned with the OCBC Group policies on Risk Management, subject to localisation, where appropriate. In the implementation of the group policies, the OCBC Al-Amin Board and Directors should be:

- Providing oversight in ensuring that the Company's risk appetite and activities are consistent with the OCBC Group's strategic intent, local operating environments, effective internal controls, and regulatory standards;
- Developing and instilling a strong risk culture in the Company and exercising prudence and effective corporate governance in risk management;
- Understanding the risks associated with the business activities and taking all necessary measures to ensure that such activities are conducted in a safe and sound manner and in line with high standards of professionalism and sound business practice;
- Ensuring that comprehensive and adequate written risk management policies and procedures are established and which clearly delineate authority limits and scope of activities;
- Reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and ensuring that deficiencies are promptly remedied;
- Ensuring that senior management is capable of managing the risk and that they undertake to implement the risk strategy and policy approved by OCBC Al-Amin Board;
- Ensuring comprehensive risk management infrastructure in place for managing the risks associated with Shariah requirements, which includes:
 - Establishment of policies relating to governance structure and reporting arrangements, Shariah non-compliance risk management and other areas that are material to the effective implementation of Shariah governance;
 - Implementation of Shariah Advisory Council (SAC) rulings and decisions or advice of the Shariah Committee within all business and functional lines, including any business or risk implications arising from such implementation;
 - Implementation of the internal control framework to prevent Shariah non-compliance and any rectification measures to resolve incidences or circumstances that may result or have resulted in Shariah non-compliance; and
 - A sound corporate culture which reflects the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah.

5.2 Policy Deliberation

- Providing input on bank policies from the Malaysia perspective in line with the prevailing regulatory framework, economic and business environment.

5.3 Business Performance

- Ensuring the Company is operated so as to preserve its financial integrity and in accordance with policies approved by OCBC Al-Amin Board and OBMB Board.
- Reviewing and updating the Company's medium-term and long-term strategic plans to ensure that the Company's business direction is constantly in tandem with the prevailing market environment.
- Approves the annual budget for the Company and conduct periodic review of achievements against the annual budget, as well as review the management's business action plans.
- Institute succession planning by ensuring that there is effective succession plan to grow and retain talents.

5.4 Capital Adequacy

- Ensuring compliance with the regulations and business practices with regard to capital adequacy.

5.5 Corporate Governance

- Conducting regular reviews of Board and Committee performance, including Directors' individual contributions;
- Ensuring that Directors are provided with relevant continuing education and are updated on changes in laws, regulations and standards.

5.6 Duties of Directors

- Upholding the highest standards of integrity and avoiding positions of conflict of interest between the Company and themselves, their relations and corporations related to them;
- Abstaining from any decisions which could place or potentially place them in situations of conflict and reporting to the Board at the first instance of any potential conflicts of interest;

- The directors are expected to:
 - attend all board and relevant board committee meetings.
 - study information and packages provided by management in advance of meetings and be prepared to discuss the contents at the meetings.
 - read all reports and proposals submitted and if in order approve them promptly.

5.7 Credit Risk Management

The Board has veto power rights and oversight responsibilities over large financing and group exposures approved by the Management. The scope and coverage of large financing shall be determined by the Board. The Board's oversight responsibilities would be exercised through the veto process to concur or veto the large corporate significant financing as submitted by the Management to the Board, based on the criteria as may be determined by the Board.

5.8 Sustainability

To promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.

6.0 Key Responsibility of the Board under BNM's Shariah Governance Policy Document issued on 20 September 2019

6.1 As part of the board's responsibility to promote sustainable growth and financial soundness of an Islamic Financial Institutions (IFI), the board must institutionalise a robust Shariah governance framework that is commensurate with the size, complexity and nature of the IFI's business. The board's oversight accountability over Shariah governance and compliance must reflect the integration of Shariah governance considerations within the business and risk strategies of the IFI. In fulfilling this role, the board must—

- approve policies relating to governance structure and reporting arrangements, Shariah non-compliance risk management and other areas that are material to the effective implementation of Shariah governance within the IFI;
- oversee the implementation of Shariah Advisory Council rulings and decisions or advice of the Shariah committee within all business and functional lines, including any business or risk implications arising from such implementation;
- oversee the implementation of the internal control framework to prevent Shariah non-compliance and any rectification measures to resolve incidences or circumstances that may result or have resulted in Shariah non-compliance¹;

- oversee the performance of senior management and other officers entrusted to implement Shariah governance framework such that the board is satisfied that the measures of their performance are aligned with Shariah governance objectives; and
- promote a sound corporate culture which reflects the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah.

¹ This requirement is in addition to section 28(3) of the IFSA and section 33D(3) of the DFIA on the obligation imposed on IFIs to report Shariah non-compliance incidences and develop a plan to rectify such non-compliances.

- 6.2** A director must continuously develop and strengthen his knowledge and understanding on Islamic finance, as well as keep abreast with developments that may impact Islamic financial business, to fulfil his responsibility to the IFI.
- 6.3** The Board must have due regard to any decisions or advice of the Shariah committee or any Shariah issues relating to the operations, business, affairs or activities of the IFI. This duty requires the board to–
- give sufficient attention to the facts, rationale and basis for any decisions or advice of the Shariah committee before arriving at its own decision;
 - give fair consideration to the implications of implementing any decisions or advice of the Shariah committee;
 - put in place conflict resolution mechanism to deal with any differences in views between the board and the Shariah committee; and
 - maintain a record of deliberations between the board and the Shariah committee in matters where the differences in views exist, and its resolution.
- 6.4** The Board must take reasonable steps to ensure that the Shariah Committee is free from any undue influences that may hamper the Shariah committee from exercising its professional objectivity and independence in deliberating issues brought before them.
- 6.5** The Board must establish a written policy to identify, assess and manage any conflicts of interest arising from any additional activities or services performed by the Shariah committee member for the IFI, or his other external professional commitments. This shall include policies relating to the involvement of a Shariah committee member in the provision of consultancy services to any clients of the IFI, with or without remuneration.
- 6.6** The Board recognises the independence of the Shariah committee and relies on Shariah committee's decisions which the Shariah committee is accountable. Notwithstanding, in the event of any differences in views between the Board and the Shariah committee in implementing Shariah committee's decision, the Board and Shariah committee may consider to consult an independent external party to provide assessment and view on the matter concerned. This will provide independent opinion in arriving

at an amicable agreement on the facts and basis in managing the conflict.

- 6.7** The Board must establish effective communication with the Shariah committee on all matters relating to Shariah requirements, Shariah governance or Shariah non-compliance risks to enable both parties to effectively discharge respective responsibilities under the Shariah governance framework. The board must regularly review the quality and frequency of its engagement with the Shariah committee.
- 6.8** The Board must allocate sufficient resources for continuous development of skills and expertise of the Shariah committee. This shall include allocating adequate budget, having in place development plans for Shariah committee members and regularly updating such plans to ensure that each member possesses the requisite knowledge and skills to fulfil his responsibilities.
- 6.9** The Board must establish a formal process to assess, at minimum annually, performance and effectiveness of the Shariah committee and every Shariah committee member. The assessment must consider the competence, knowledge and contribution of each Shariah committee member to the overall functioning of the Shariah committee.
- 6.10** The Board must approve a remuneration policy that is commensurate with the accountabilities, duties and responsibilities of the Shariah committee.
- 6.11** In the event that the Board delegates any of its responsibilities to the Shariah committee, the board must–
- ensure that the mandate, areas of delegated authority and operating procedures are set out clearly in the board and the Shariah committee’s charter;
 - establish reporting arrangements to be kept informed of the Shariah committee’s work, key deliberations and decisions on delegated matters; and
 - remain fully accountable for the decisions and any ensuing implications arising from the delegated responsibility.
- 6.12** The Board must establish a rigorous process for the appointment, reappointment and cessation of Shariah committee members. Such process must involve assessment of candidates against the minimum requirements set out in paragraphs 12.1 to 12.8 of BNM’s Shariah Governance Policy Document.
- 6.13** This section shall be read together with other relevant bank’s internal policies related to the key organs of Shariah governance and Shariah control functions.

7.0 AUTHORITY

- 7.1** The Board will have access to advice from third party experts on any matter deliberated by the board as and when required, and the cost of such advice shall be borne by the Bank.

8.0 ADMINISTRATIVE MATTERS

8.1 Board Confidentiality

Directors will maintain absolute confidentiality of the deliberations and decisions of the OCBC Al-Amin Board and of information received at meetings, except as may be specified by the Chairman or if the information is publicly disclosed by the Company.

8.2 Directors' Information Kit

Care will be taken to ensure that new Directors understand the roles and responsibilities of the Board and its Committees, as well as the commitment level that the Board expects of its Directors. A Directors' Information Kit containing information on the Company and Board matters is presented to all Directors and the enclosed information updated as and when necessary.

8.3 Other Matters

The Board Charter serves to delineate the mission, structure, scope and functions of the Board and duties of the directors. The Board Charter complements the Company's Constitution and the duties required by legislation and regulatory bodies, and do not replace the said requirements. Where ambiguity and/or contradiction arises the Company's Constitution, legislation and the regulations shall prevail over the contents of the Board Charter.

The provisions of this charter are subject to such revisions by way of modification, addition or otherwise as the OCBC Al-Amin Board, may from time to time consider fit.

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