

BOARD OF DIRECTORS CHARTER

1.0 STATEMENT OF POLICY

The Board of Directors (“OCBC Malaysia Board”) of OCBC Bank (Malaysia) Berhad (the “Company”) is elected by the Company’s shareholder, Oversea-Chinese Banking Corporation Limited (“OCBC Ltd” or “OCBC Group”), to supervise the management of the business and affairs of the Company. The prime stewardship responsibility of the OCBC Malaysia 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. 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 Malaysia 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 the Bank Negara Malaysia (“BNM”).

The OCBC Malaysia Board will periodically evaluate the performance of the directors for reappointment to or retirement from the OCBC Malaysia 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 and investment management. 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.

Effective from 1 April 2013, 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 Malaysia Board shall appoint, subject to the approval of the OCBC Group Board, its Chairman and Vice-Chairman/Vice-Chairmen from among the Company's Directors. 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, Malaysia shall be vested with two different individuals.

2.5 Senior Independent Non-Executive Director

OCBC Malaysia Board shall appoint a Senior Independent Non-Executive Director ("SINED") from among the Bank's Independent Directors. The Nominating & Remuneration Committee shall endorse and recommend to the Board for approval. The responsibilities of the SINED are as follows:

2.5.1 Responsibilities of SINED

- To support the Board in providing focused oversight over the Bank's management of fraud and data breach incidents, coordination with the National Scam Response Centre ("NSRC"), as well as the communication strategy of the Bank with its customers, affected victims and the public. It should also include measures to improve complaints handling and customer outcomes, and the development of appropriate awareness and educational programmes, in coordination with other financial institutions, agencies and relevant parties.
- To work with management to ensure sufficient resources are deployed and appropriate policies and procedures are in place to receive, investigate and quickly resolve reported incidents. This includes providing prompt and effective assistance to any affected or concerned customers.

2.5.2 Responsibilities of Management

- Management must ensure that significant impediments and challenges are promptly escalated to the Board via the SINED for deliberation and decision-making. The SINED will also coordinate with the relevant Board committees.

2.6 Term of Directors

The Directors are elected by the shareholder at the Annual General Meeting and the Company's Constitution provide 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 OCBC Malaysia Board delegates certain of its functions to its Committees, each of which is guided by a written terms of reference approved by the OCBC Malaysia 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, respectively, the approval and ratification of the OCBC Malaysia Board.

- 3.2** OCBC Malaysia Board has delegated the approving authority on risk management issues to the Risk Management Committee as approved by BNM vide its letter dated 8 February 2007 under reference JP/43/78/9/SAY/zr.

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 Malaysia Board, in consultation with the CEO, Malaysia develops the agenda for OCBC Malaysia Board Meetings.

4.2 Documents

Information and materials, duly endorsed by the CEO, Malaysia 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 Malaysia Board may meet at any time but no less than six times a year. At all meetings of the OCBC Malaysia Board, the Chairman, if present, shall preside. If the Chairman of the OCBC Malaysia 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 communications 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 OCBC Malaysia 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 Malaysia 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 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 Constitution of the Company.

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

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

5.1 Risk Oversight

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

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 the OCBC Malaysia Board.
- Reviewing and updating the Bank's medium-term and long-term strategic plans to ensure that the Bank's business direction is constantly in tandem with the prevailing market environment.
- Approves the annual budget for the Bank 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 loans and group exposures approved by the Management. The scope and coverage of large loans 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 loans/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 AUTHORITY

- 6.1** 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.

7.0 ADMINISTRATIVE MATTERS

7.1 Board Confidentiality

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

7.2 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.

7.3 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 Malaysia Board, may from time to time consider fit.

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