

CORPORATE GOVERNANCE REPORT

Bank of Singapore Limited (the “Bank”) is incorporated in Singapore and is a wholly-owned private banking subsidiary of Overseas Chinese Banking Corporation Limited (“OCBC Bank”).

Until 29 January 2010, the Bank’s immediate and ultimate holding companies were ING Bank N.V. and ING Groep N.V. respectively. On 15 October 2009, ING Groep N.V. announced the divestment of its private banking activities in Asia to OCBC Bank. The divestment was completed on 29 January 2010 and the Bank, formerly named ING Asia Private Bank Limited (IAPBL) was re-named as Bank of Singapore Limited.

The Bank operates under a wholesale bank license granted by the Monetary Authority of Singapore (“MAS”) and has permission from the Authority to operate an Asian Currency Unit.

As a Singapore incorporated entity, the Bank has complied with the following instruments related to corporate governance issued by the MAS, in addition to the requirements in the Companies Act (Cap 50).

- Banking (Corporate Governance) Regulations 2005 (the “Regulations”); and
- Guidelines on Corporate Governance for Banks, Financial Holding Companies and Direct Insurers which are incorporated in Singapore (the “Guidelines”).

These instruments provide guidance on best practices that a locally-incorporated bank should strive to achieve in relation to its corporate governance. The MAS expects banks to observe the Guidelines to the fullest extent possible. Banks that are not listed on the Singapore Exchange should disclose their corporate governance practices and explain deviations from the Guidelines in their websites.

Where applicable, the Bank had adhered to the provisions of the Regulations and the principles set out in the Guidelines. Specific areas of material non-compliance are explained in this report.

BOARD OF DIRECTORS

Board Composition and Independence

With effect from 29 January 2010, a new Board comprising 4 new independent Directors and 1 existing executive Director from the previous board of IAPBL was set up.

The 4 new independent Directors, namely Mr. David Conner, Mr. Ching Wei Hong, Mr. Soon Tit Koon and Mr. Gilbert Kohnke meet the criteria for independence laid down in the Regulations for a Singapore incorporated bank which is also a wholly-owned subsidiary of another Singapore incorporated bank. Mr David Conner was appointed as Chairman of the Bank on 29 January 2010 and is also the Chief Executive Officer of OCBC Bank. Mr Ching Wei Hong, Mr Soon Tit Koon and Mr Gilbert Kohnke are also members of OCBC Bank’s senior management.

These directors are independent from management and business relationships with the Bank but prima facie not independent from the sole (and thus substantial) shareholder as they are under the employment of OCBC Bank. Nevertheless where the substantial shareholder is a bank incorporated in Singapore, the Regulations allow directors of the Bank who are concurrently employees of the substantial shareholder to be treated as if they were independent from the substantial shareholder for the purpose of compliance with the Board composition provisions under the Regulations.

Mr Renato De Guzman, the executive Director and Chief Executive Officer of the Bank is not independent from management and business relationship with the Bank.

The roles of the Chairman and the CEO are separated, which is consistent with the principle of instituting an appropriate balance of power and authority. The Chairman is required to lead and ensure that the Board conducts its roles and responsibilities effectively, through for example, setting the Board meeting agenda, ensuring that

Directors receive accurate, timely and clear information, encouraging constructive relations between the Board and Management and facilitating effective contribution from all directors whilst ensuring that high standards of corporate governance are maintained.

Each member of the Board has extensive finance industry experience and thus, collectively, provides the required core competencies needed to effectively guide and direct the affairs of the Bank. Details of the Directors' professional qualifications and background are described on Annex 1.

As set out in the Bank's Memorandum and Articles of Association, all Directors retire prior to the next annual general meeting of the Bank following their appointment and are eligible for re-election. In addition, all appointments and re-appointments of Directors have to be approved by the MAS.

Board Conduct and Responsibilities

As allowed under the Regulations, the Board will, in addition to its board responsibilities, also undertake the responsibilities normally carried out by the Nominating and Remuneration Committees. Broadly, the responsibilities of the Board include the following:

- review and approve the Bank's overall business strategy;
- review and approve the organisation structure, developed and recommended by management;
- deliberate and approve the annual and interim operating plans;
- approve the annual audited accounts;
- review the adequacy of the internal financial, operational and compliance controls and risk management policies and systems established within the Bank, in line with regulatory/supervisory guidelines;
- review and approve matters that may impact on the Bank's capital adequacy;
- review and approve matters that impact on the responsibilities of the Board towards the local regulatory/supervisory bodies and other relevant local authorities.

The Board and Audit Committee will hold a minimum of 2 meetings per year. Prior to each meeting, members will be provided with timely and complete information to enable them to fulfill their responsibilities. Information provided include background information on matters to be addressed by the Board or Audit Committee, copies of disclosure documents, internal financial statements, risk management reports, budgets, forecasts, and reports of variances from budgets and forecasts.

The Board will be updated on business strategy & performance, capital adequacy, internal procedures, compliance & operational matters by the Executive Director or a Management Committee member in Board meetings.

In addition to meetings, Board members have access to the Bank's Management Committee members and to the Company Secretary to obtain any information that they may require on the Bank.

Board members are free to seek independent professional advice, at the company's expense if necessary.

Board Training

The directors attend relevant courses to familiarize themselves with the duties and obligations of a director.

Board Performance

The Board will look at putting in place a self assessment process in consultation with OCBC Bank.

BOARD COMMITTEES

The Bank is exempted under the Regulations from setting up a separate Nominating and Remuneration Committee. There will however, be an Audit Committee set up as described below.

Audit Committee

The Audit Committee comprises Mr David Conner (Chairman), Mr Ching Wei Hong and Mr Soon Tit Koon, all of whom are independent directors.

The Audit Committee performs the functions specified in the Companies Act and the Regulations.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The Board, following the Bank becoming a wholly-owned subsidiary of OCBC Bank, convened its first meeting on 17 March 2010, and subsequent meetings have also been scheduled.

AUDIT FUNCTION

Audit Committee

The Board approved the terms of reference of the Audit Committee. The Committee may meet at any time but no less than two times a year with the internal auditors and external auditors. It has full access to, and co-operation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the audited Financial Statements, the Audit Committee reviews and evaluates with the external auditors and internal auditors, the adequacy of the system of internal controls including financial, operational and compliance controls; and risk management policies and systems. It reviews the scope and results of the audits and the cost effectiveness of the audits. When the external auditors provide non-audit services to the Bank, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The Audit Committee also reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements. The Bank has in place a whistle-blowing policy and the Audit Committee reviews concerns, including anonymous complaints, which staff may, in confidence, raise about possible improprieties in matters of financial reporting or other matters, and have the concerns independently investigated and followed-up. Formal internal audit reports are sent to the Audit Committee. The Board is also updated on these reports. Relevant matters which might affect the parent Bank and Group will be brought up to the attention of OCBC Bank's Audit Committee.

In respect of the 2009 financial year, the Audit Committee

- (a) has reviewed the audited financial statements with management, including discussions of the quality of the accounting principles applied and significant judgments affecting the financial statements;
- (b) has discussed with the external auditors the quality of the above principles and judgments;
- (c) believes that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects, based on its review and discussions with management and the external auditors.

Internal Audit Function

The Audit Committee approves the terms of reference of internal audit and reviews the effectiveness of the internal audit function. The Bank's internal audit function reports into OCBC Bank's Group Audit Division and is thus totally aligned with the Group Audit Division's mission statement and charter which is to provide independent and reasonable, but not absolute, assurance that the Bank's system of risk management, control, and governance processes, as designed and implemented by senior management, are adequate and effective. Internal Audit reports on the adequacy of the systems of control to the Audit Committee and management, but does not form any part of those systems of control.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. The internal audit function reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations.

Internal Controls

The Board believes that the system of internal controls, including financial, operational and compliance controls and risk management systems, maintained by the Bank's management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the company in its current business environment.

The system of internal control provides reasonable, but not absolute, assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

REMUNERATION POLICY

Employees' Remuneration

The total compensation package for employees comprises a fixed and variable component. In determining the composition of the package and to ensure that it is competitive, the nature of the role performed, market practice and market data are taken into consideration.

Directors' and Top 5 Key Executives Remuneration in 2009

Since the Bank is a wholly-owned subsidiary of OCBC Bank, and OCBC Bank is the sole shareholder, there is limited added value to provide disclosures on the remuneration of Directors and Senior Management staff other than what has already been disclosed in the financial statements.

Remuneration of Directors' Immediate Family

None of the Directors have immediate family members who are employees of the Bank and whose personal annual remuneration exceeded S\$150,000.

RELATED PARTY TRANSACTIONS

The Bank adopts the same policies and procedures on related party transactions as OCBC Bank.

MR. DAVID CONNER, CHAIRMAN

Mr. Conner has extensive banking experience in the Asia Pacific region, having worked for over 25 years with Citibank, N.A. where he served as Managing Director and Market Manager for Citibank Japan from 1999. He was also Chief Executive Officer of Citibank India from 1996 to 1999 and, prior to that, was Country Corporate Officer for Citibank's Singapore operations. He is presently the Chief Executive Officer of OCBC Bank, Chairman of Singapore Island Bank Ltd, and a Director of several companies, including Great Eastern Holdings Ltd, OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad and Lion Global Investors Ltd, as well as a Commissioner of PT Bank OCBC NISP Tbk. Mr. Conner holds a Bachelor of Arts from Washington University in St. Louis and a Master of Business Administration from Columbia University. Age 61.

MR. RENATO DE GUZMAN, DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. de Guzman is an accomplished banker with over 33 years of extensive banking experience. He has been instrumental in growing the private banking business in Asia where he was the Chief Executive Officer of ING Private Banking Asia from 2000. He was also Country Manager for ING Barings in Manila from 1990 to 2000. Mr. de Guzman holds a Bachelor of Science in Management Engineering from Ateneo de Manila University, a Masters in Business Administration (with distinction) from Katholieke Universiteit Leuven, Belgium and a Masters in Management from McGill University, Canada. Age 59.

MR. SOON TIT KOON, DIRECTOR

Mr. Soon was the Chief Financial Officer of OCBC Bank from 2002 to June 2008 and is currently the Head of Group Investments in OCBC Bank, responsible for managing OCBC Bank's strategic investments and joint ventures, as well as non-core investments in equities and real estate. He was formerly the Chief Financial Officer of Wilmar Holdings and Managing Director of Citicorp Investment Bank, Singapore where he worked for 17 years. Mr. Soon holds a Master of Business Administration from the University of Chicago and a Bachelor of Science with Honours from the University of Singapore. Age 58.

MR. CHING WEI HONG, DIRECTOR

Mr. Ching oversees the OCBC Bank Group's Finance, Operations and Technology functions. His responsibilities as CFO include capital management, financial and management accounting, legal and regulatory compliance, and investor relations. As Head of OCBC Bank Group Operations and Technology, he oversees the Group's transaction processing and technology operations. Mr. Ching has more than 25 years of experience in regional finance, corporate banking and cash management. Before joining the Group, he was Director of Corporate Finance, Philips Electronics Asia Pacific Pte. Ltd. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr. Ching holds a Bachelor of Business Administration from the National University of Singapore. Age 50.

MR. GILBERT KOHNKE, DIRECTOR

Mr. Kohnke is currently Head of OCBC Bank Group Risk Management. As Chief Risk Officer, he covers full spectrum of risk, including Credit, Information Security, Liquidity, Market and Operational risk management. He has over 21 years of banking experience. Prior to joining OCBC Bank, he was Head of Risk Management for Asia at Canadian Imperial Bank of Commerce, and subsequently, Head of European Portfolio Management of CIBC based in London. He holds a BA in Economics from the University of Western Ontario, a Bachelor of Commerce in Accounting from the University of Windsor, Ontario and a Master of Business Administration from the University of Hawaii. Age 51.