

ICB FINANCIAL GROUP HOLDINGS AG

POLICY STATEMENT ON CORPORATE GOVERNANCE

Preamble

1. This Policy Statement on Corporate Governance (“Policy Statement”) aims to promote a culture of accountability, transparency and practice of sound judgment in ICB Financial Group Holdings AG’s (“ICB Holdings”) pursuit of generating stakeholders value amidst an increasingly competitive global markets.
2. The Policy Statement will provide guidance in developing a framework for the application of good corporate governance principles in the managing of ICB Holdings to generate shareholder value.
3. The implementation of this Policy Statement will provide an operational framework on good corporate governance in the following areas:
 - a) provides guidance in defining the roles and responsibilities of the Board;
 - b) ensures strategic and business plans are developed;
 - c) implements the framework on Board operation;
 - d) implements various committees to undertake the tasks and responsibilities of Board;
 - e) implements risk management framework to cultivate a risk awareness culture;
 - f) provides transparency in disseminating financial and non-financial information;
 - g) provides transparency in managing conflict of interest involving both internal and external parties;
 - h) provides guidance in developing key control mechanisms to ensure both financial and non-financial information are accurate, adequate, complete and timely.
4. The Policy Statement incorporates the terms of reference of the Board of Directors (the “Board”) and the various committees of the Board.

BOARD OF DIRECTORS (“THE BOARD”)

1. Duties and Responsibilities

- 1.1. The Board is principally responsible for the overall business performance and corporate governance strategy of ICB Holdings. It shall provide stewardship in the development of ICB Holding’s strategic and business plans and provide a statement on their principal functions.

1.2 The Chairman of the Board (“Chairman”) shall be responsible for the running of the Board while the Chief Executive Officer (“CEO”) shall be responsible for the running of the business. There shall be a clear division of the responsibilities between the Chairman and the CEO in order to ensure a check and balance on power and authority.

2. Composition

2.1. The Board shall periodically review its composition in terms of balance of independent and non-independent directors and the professional qualification, experience and the necessary skills expected of its members to enable the Board to carry out its roles and responsibilities effectively.

2.2. The number of Board members shall not be less than five (5).

2.3. The majority of the Board members shall be independent directors.

2.4. The Board appoints one of its members as Chairman.

3. Board Meeting

3.1. The Board shall meet periodically at least two (2) times in a year.

3.2. The quorum shall be three (3) including the Chairman.

3.3. The Board shall adopt a unanimous consent principle in making decisions. In case a unanimous decision could not be reached, the decision shall be by way of majority vote. In case of a tie, the Chairman shall be vested with the final casting vote.

3.4. The Board members shall be bound by all decisions of the Board.

3.5. All dissenting opinions in the Board shall be clearly stated in the minutes of the meeting with the reasons.

3.6. All decisions of the Board shall be documented in the minutes and all minutes shall be approved by the Board in the next Board meeting.

4. Delegation of Authority and Function

4.1. In order to support the effectiveness of implementation of its roles and responsibilities, the Board must at least form the following committees:

4.1.1. Audit and Risk Management Committee;

4.1.2. Nomination Committee, and

4.1.3. Remuneration Committee.

4.2. In discharging its duty in regards to the above, the Board shall:

- 4.2.1. establish and periodically review the specific authority and functions of the respective committee, and if necessary, revoke the delegated authority and functions of the committee;
- 4.2.2. provide strategic guidance to the respective committee's operating direction;
- 4.2.3. be responsible for the appointment/removal of member to/from the respective committee;
- 4.2.4. be responsible for the final decision of the respective committee;
- 4.2.5. approve the organization and reporting structure of the respective committee;
- 4.2.6. assess and periodically review the respective committee's effectiveness;
- 4.2.7. periodically review the report of the respective committee.

5. Appointment

5.1. The Board shall provide stewardship in regards to appointment of a new member, re-appointment or re-election of existing director and other matters related to the appointment and membership of the Board.

5.2. The Board shall set up a Nomination Committee (NC) to oversee matters as stated in Section 5.1 above. Details of NC roles and responsibilities shall be as per Section 11.

6. Remuneration

6.1. The Board shall provide stewardship in regards to the overall remuneration policy, performance measurement and employment contract for directors, CEO and senior management.

6.2. The Board shall set up a Remuneration Committee (RC) to oversee matters as stated in Section 6.1 above. Details of RC roles and responsibilities shall be as per Section 11.

7. Accountability and Internal Control

Financial Reporting

7.1. The Board is to develop, assess, review and approve the financial reporting process including the review of ICB Holdings' annual financial statements to ensure accuracy, adequacy, completeness and timeliness.

7.2. The Board is to ensure that the financial reports are prepared in accordance with the accounting policies, standards and guidelines of the relevant authorities.

- 7.3. The Board is to provide a balanced, clear and meaningful assessment of the financial position and prospect of ICB Holdings in all disclosure to shareholders, investors and the regulatory authorities.

Internal Control

- 7.4. The Board has the responsibility to develop, assess, review and maintain a system of internal controls covering financial controls as well as controls relating to operational, compliance and risk management. This is to enable ICB Holdings to achieve its corporate objectives within acceptable risk profile. The internal system control put in place is not meant to eliminate all the risks but is aimed at minimizing and managing them.
- 7.5. The Board should develop, assess and periodically review the following key processes to ensure the adequacy and integrity of the systems on internal control:
- 7.5.1. to periodically review reports from the management covering financial performance and key business indicators to monitor any significant variance of actual performance and budget;
 - 7.5.2. to approve the annual business plan and budget;
 - 7.5.3. to periodically review the annual business plan and budget, to monitor significant variances, to ensure timely responses and corrective actions be taken by management expeditiously;
 - 7.5.4. to identify, assess, monitor and manage overall risk through risk management functions;
 - 7.5.5. to implement various risk management policies and procedures;
 - 7.5.6. to implement and periodically review internal policies and procedures that govern the various operations of ICB Holdings;
 - 7.5.7. to develop and maintain a proper recruitment process, training programs as well as performance appraisal system;
 - 7.5.8. to develop and maintain an information system that supports the strategic business objective of ICB Holdings.

Relationship with Auditors

- 7.6. The Board is to establish a transparent and professional relationship with both the internal and external auditors.
- 7.7. The Board is to meet the external auditors:
- 7.7.1. at least once a year to discuss the audit plan, annual financial statements and/or their audit findings; and
 - 7.7.2. whenever necessary, either through the initiation of the Board or external auditors.

7.8. The Board is to meet the internal auditor on a periodical basis with the presence of the management to ensure an effective and independent internal audit function covering financial as well as management audits, and to map out appropriate remedial actions when necessary.

8. Independent Board Member

8.1. An independent Board member shall be a member that is without any financial, management, share ownership and/or family relationship with any member of the Board, controlling shareholders or any other relationships that may affect his/her ability to act independently.

8.2. An independent Board member also should not serve on the Board for more than 10 years and/or be an employee of ICB Holdings or its subsidiary or associate company for the past 5 years prior to his or her appointment.

9. Reports

9.1. The Board shall provide a report on the following annually:

- 9.1.1. Corporate Governance implementation;
- 9.1.2. Risk Management implementation.

10. Prohibition and Disclosure

10.1. A Board member is prohibited from:

- 10.1.1. using ICB Holdings for self, family, and other party's interest, which may cause a loss to or a decrease in the profit of ICB Holdings;
- 10.1.2. taking and/or receiving any personal gain or benefit from ICB Holdings other than the remuneration and other facilities decided by Meeting of Shareholders; and
- 10.1.3. breaching any rules, regulations, practices or guidelines as set down by the listing authority.

10.2. A Board member must disclose:

- 10.2.1. his or her share ownership in ICB Holdings; and
- 10.2.2. financial relationship and family relationship with other members of the Board, shareholders or management of ICB Holdings.
- 10.2.3. his or her qualification, experience, expertise and history.

11. BOARD COMMITTEES

11.1. Audit and Risk Management Committee (“ARMC”)

- 11.1.1. The number of members of the ARMC shall be at least three (3) appointed by the Board.
- 11.1.2. The Chairman shall be an independent director with relevant qualification or experience in financial areas.
- 11.1.3. At least one other member of the ARMC shall preferably have relevant qualification or experience in risk management.
- 11.1.4. The CEO, internal auditor and chief risk officer shall be invited to attend the ARMC meeting if required.
- 11.1.5. The ARMC shall meet at least 2 times in a year.
- 11.1.6. The ARMC shall have the authority to:
 - 11.1.6.1. seek any information relevant to its activities from employees of ICB Holdings;
 - 11.1.6.2. obtain such independent professional advice as it considers necessary, at the expense of ICB Holdings;
 - 11.1.6.3. have full and unrestricted access to any information and documents pertaining to ICB Holdings.
- 11.1.7. The responsibilities and duties of the ARMC, subject to Board’s delegation, shall principally include the following:

Internal Audit

- 11.1.7.1. to approve the appointment, replacement and dismissal of the internal auditor;
- 11.1.7.2. to review the adequacy of the scope of audits conducted by the internal audit division, functions and resources of internal audit and that it has the necessary authority to carry out its work;
- 11.1.7.3. to evaluate the performance and decide on the remuneration of the staff of internal audit division.

External Audit

- 11.1.7.4. to review the external auditors’ audit plan, scope of their audit and their audit reports;
- 11.1.7.5. to assess the performance of the external auditors and make recommendations to the Board on their appointment and removal;
- 11.1.7.6. to review the independence and objectivity of the external auditors and their services, including non-audit services;
- 11.1.7.7. to approve the provision of non-audit services by the external auditors.

Audit Reports

- 11.1.7.8.to review the internal and external audit reports to ensure that appropriate and adequate remedial actions are taken by management on significant lapses and controls and procedures that are identified;
- 11.1.7.9.to review the significant internal and external audit findings and management responses;

Financial Reporting

- 11.1.7.9.1.to review the financial statements of ICB Holdings for recommendation to the Board for approval, focusing particularly on:
- 11.1.7.9.2.changes in or implementation of new accounting policies and practices;
- 11.1.7.9.3.timeliness and accuracy of the financial statements;
- 11.1.7.9.4.adequacy of provisions against bad and doubtful debts, investments and contingencies;
- 11.1.7.9.5.significant and unusual events;
- 11.1.7.9.6.compliance with applicable approved accounting standards and other legal and regulatory requirements;

Risk Management

- 11.1.7.10.review the adequacy and effectiveness of risk management, internal control and governance system;
- 11.1.7.11.review management's strategy and plans for mitigation of all types of risks faced by the business units covering market risk, liquidity risk, credit risk, operational risk and political risk.
- 11.1.7.12.ensure risk management framework for various risks are set up and documented;
- 11.1.7.13.review, recommend and approve risk management policies, risk management measurement and methodology, risk exposure, tolerance limits and risk management process;
- 11.1.7.14.ensure infrastructure, resources and systems are in place for risk management.
- 11.1.7.15.ensure compliance with relevant capital adequacy accord;
- 11.1.7.16.promote risk awareness through out the Bank.

Other Matters

- 11.1.7.17.to report to the Board on a periodic basis;
- 11.1.7.18.to ensure that the head of internal audit has direct access to the Board's Chairman and the ARMC, and is accountable to the ARMC;
- 11.1.7.19.to meet with the head of internal audit and risk management and the external auditor at least once a year without management presence;
- 11.1.7.20.to monitor and review any related party transactions;

11.1.7.21.to consider such other matters as the ARMC considers appropriate or as authorized by the Board.

11.2.Nomination Committee (“NC”)

11.2.1.The NC shall comprise at least two (2) members appointed by the Board.

11.2.2.The Chairman shall be an independent director.

11.2.3.The NC shall convene at least once a year.

11.2.4.The NC shall manage the policy and strategy in regards to appointment of new members of the Board, re-appointment or re-election of existing director, appointment of CEO and senior management.

11.2.5.The roles and responsibilities of the NC shall principally include the following:

11.2.5.1.to establish the minimum requirement on the skills, experience, qualifications and other core competencies of a director, CEO and senior management which shall be approved by the Board.

11.2.5.2.to establish the tenure of independent directors and the criteria for renewal;

11.2.5.3.to recommend and assess the nominees for directorship, board committee members as well as nominees for CEO and senior management. The actual decision as to who shall be nominated should be the responsibility of the Board.

11.2.5.4.to oversee the overall composition of the board, in terms of the appropriate size and skills, and the balance between independent and non-independent directors through periodic review.

11.2.5.5.to recommend to the Board the removal of a director, CEO and key management if the director, CEO or senior management is ineffective, errant and negligent in discharging his responsibilities.

11.2.5.6.to establish a mechanism for the formal assessment on the effectiveness of the Board as a whole, contribution of each director to the effectiveness of the Board and the contribution of the Board’s various committee. Periodic assessment should be conducted based on an objective performance criterion.

11.2.5.7.to establish a mechanism for the formal assessment on the effectiveness and contribution of the CEO and senior management. Periodic assessment should be conducted based on an objective performance criterion.

11.2.5.8.to ensure continuous training and upgrading of skills are provided to directors, CEO and senior management in order to broaden their perspectives and to keep abreast with developments in the market place and with new statutory and regulatory requirements.

11.2.5.9.to assess, on an annual basis, that the directors, CEO and senior management are not disqualified under the regulations and rules of the listing authority or other relevant authorities.

11.3.Remuneration Committee (“RC”)

- 11.3.1.The RC shall comprise at least two (2) directors appointed by the Board.
- 11.3.2.The Chairman of the RC shall be an independent director.
- 11.3.3.The RC shall convene at least once a year.
- 11.3.4.The RC shall manage the overall remuneration policy, performance measurement and employment contract for directors, CEO and senior management.
- 11.3.5.The roles and responsibilities of RC shall principally include the following:
 - 11.3.5.1.approve and periodically review the overall remuneration policy for directors, CEO and senior management;
 - 11.3.5.2.periodically review the performance of directors, CEO and senior management;
 - 11.3.5.3.periodically review the terms and conditions of the employment of directors, CEO and senior management and when necessary, to recommend changes;
 - 11.3.5.4.approve and periodically review the remuneration package for members of the Board to ensure that they commensurate with the scope and responsibilities held and when necessary to recommend changes.

11.4.Committee Meeting Requirements

- 11.4.1.Meetings of the various committees shall be summoned by the company secretary at the request of the Chairman or any of its members.
- 11.4.2.Notice of committee meetings shall be forwarded to each member and any other person required to attend no less than 10 days before the date of the meeting. Any supporting paper shall be sent to the each member at the same time.
- 11.4.3.A quorum shall comprise at least two (2) committee members including the Chairman.
- 11.4.4. All committee members shall be bound by the decisions of the respective committee.
- 11.4.5.All dissenting opinions in the committee shall be clearly stated in the minutes of the respective meeting with the reasons.
- 11.4.6.All decisions of the committee shall be documented in the minutes and all minutes shall be approved by the respective committee in the next meeting of the committee.

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