

OCBC EMPLOYEE SHARE PURCHASE PLAN

Frequently Asked Questions & Answers

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OCBC EMPLOYEE SHARE PURCHASE PLAN

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PLAN DETAILS

Q1: What is the OCBC Employee Share Purchase Plan?

It is a savings-based share ownership plan that provides employees with the opportunity to increase their personal equity interest in the Bank by using cash and/or their CPF to acquire OCBC Shares.

Q2: What is the purpose of introducing this scheme?

This scheme has been introduced to:

- (a) provide employees with a convenient way to save for the purchase of OCBC shares, thereby aligning their interests with those of OCBC shareholders*
- (b) instil teamwork among employees and a stronger sense of alignment with the long-term prosperity of the OCBC Group*
- (c) attract and retain talent so as to achieve better performance and create greater value for shareholders*

Q3: How is the Acquisition Price for each Share determined?

The Acquisition Price will be based on the average of the last traded prices of OCBC shares in the Singapore Exchange over the 5 consecutive trading days immediately preceding the Price Fixing Date.

Q4: What is the duration of each Offering Period?

Each Offering Period will be for a period of 24 months.

Q5: What is the Plan Account?

The Bank will maintain a "Plan Account" in your name and your monthly contributions will be credited into this Plan Account. Contributions in cash will be maintained in a 'ESPP – Cash' Account whilst CPF contributions will be maintained in a 'ESPP – CPF' Account. You will receive monthly statements for your Plan Account.

Q6: Can I use the Plan Account for other banking transactions, e.g. deposits/withdrawals/transfers/Internet Banking/Phone Banking/over the counter transactions/GIRO payments.

No, you cannot use the Plan Account for other banking transactions. If you do so, you will be deemed as making unauthorised transactions, and your participation in the Plan will automatically be withdrawn.

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Q7: Will my contributions in the Plan Account earn interest?

Yes. During the Offering Period, the cash contributions will earn a preferential interest rate of 1.0% above the prevailing board rate for 12-month Time Deposit whilst CPF contributions will earn an interest rate of 0.5% above the prevailing CPF Ordinary Account interest rate for amounts greater than S\$20,000. The preferential interest rate for each Offering Period will be determined by the Remuneration Committee at the start of each Offering Period.

Q8: How is the interest rate calculated for the Plan Account?

Interest will be computed on a daily rest basis and compounded monthly.

Q9: Will the interest rate change during the Offering Period?

Yes, the interest rate may change as it is based on the prevailing board rates for 12-month Time Deposit and the prevailing CPF Ordinary Account interest rate for amounts greater than S\$20,000.

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ELIGIBILITY CRITERIA

Q10: Who are eligible to participate in the plan?

All full-time, part-time permanent and fixed term contract employees who are at least 21 years old and have at least 6 months' service with the Group as at start of the Offering Period are eligible to participate in this scheme. In addition, Fixed-term contract employees must have at least 1 year of their contract service remaining to be eligible to participate in the Plan.

The following employees will not be eligible to participate in the plan:

- (a) Fixed-term contract employees with less than 1 year of their contract remaining as at start of Offering Period*
- (b) Temporary employees*
- (c) Hourly-rated employee*

Q11: If I am transferred between subsidiaries within the Group, can I continue to participate in the plan?

Yes, your transfer within the Group will not affect your eligibility to participate in the scheme as long as the company which you are transferred to is a participating company. Please note that your contribution amount will remain unchanged.

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PARTICIPATION IN THE PLAN

Q12: Can I choose not to participate in the plan?

The plan is entirely voluntary and you may choose not to participate in it.

Q13: How do I participate in the plan?



You will receive an email invitation from the Trusted Board Share Plan Administrator if you are eligible to participate in the ESPP Offering.

A link provided in the email invitation will allow you to select the amount you wish to contribute monthly to your ESPP Plan Account(s).

You do NOT need to login to the My-Shares@OCBC portal if you choose to contribute at the maximum using cash contributions.

If you wish to contribute a different amount and/or using a different source of contribution (eg CPF), you will need login to the My-Shares@OCBC portal to submit your enrolment.

You can access the My-Shares@OCBC portal either via the Oracle Employee Self Service or directly to the website address (<https://www.esop.com.sg/ocbc>).

Q14: Can I enrol in the Plan during the Offering Period?

You cannot enroll in a Plan which has already commenced. Enrolment for the ESPP can only be done during the enrolment period which is around May to June of each year (eg. Enrolment period for ESPP 2012 Offering will be from 21 May to 15 Jun 2011).

Q15: If I withdraw from the Plan during the Offering Period, can I enrol again in the same Plan?

No, you will have to wait till the enrolment period opens for the next Offering Period.

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MONTHLY CONTRIBUTIONS

Q16: Can I opt to contribute a lump sum payment at the start of the Offering Period instead of monthly deductions via my salary / CPF Ordinary Account?

No. This is a progressive savings-based share ownership plan which provides you with the flexibility to manage your cash flows during the 24-month Offering Period.

Q17: What is the minimum amount that I can contribute? Is there a cap on the maximum amount of contributions that I can make?

The minimum monthly contribution is S\$50.

With effect from the ESPP 2009 Offering (1 Jul 2009 to 30 Jun 2010), the maximum monthly contribution will be reduced from (i) \$3,000 or (ii) 20% of the Participant's monthly base salary, whichever is lower to (i) \$1,500 or (ii) 10% of the Participant's monthly base salary, whichever is lower. Hence, the maximum contribution for the 2-Year Offering Period will be reduced and capped at S\$36,000.

When deciding on your contribution amount, you need to take into account your personal cash flow position before deciding on a sustainable contribution rate. If you are using your CPF Ordinary Account funds for the monthly contributions, you must ensure that you have at least S\$20,000 in your CPF Ordinary Account throughout the Offering Period. Otherwise contribution cannot be made and you will be deemed as having automatically withdrawn from the Plan.

For participants in overseas locations, the monthly contributions will be fixed in the local currencies.

Q18: How can I make my monthly contributions to the Plan?

Your monthly contributions can be made as follows:

- (a) in cash, by means of monthly deductions from your monthly base salary and /or*
- (b) monthly deductions via your CPF Ordinary Account*

Q19: What should I do if I want to make monthly contributions using my CPF Ordinary Account funds?

You need to open a CPF Investment Account with OCBC Bank as soon as possible if you do not already have an existing account. If you have an existing CPF Investment Account with another Agent Bank, you will need to apply to OCBC Bank to transfer your account to the Bank as you can only maintain one CPF Investment Account at any one time. You need not sell your investments when transferring your account, except for your investment in gold. All your investments and cash balances will be transferred along with your CPF Investment Account. Please note that you will also be responsible for all expenses and bank service charges incurred in relation to the maintenance and transfer of your CPF Investment Account. Please check with your Agent Bank on the applicable charges.

You must also ensure that you have at least S\$20,000 in your CPF Ordinary Account otherwise contribution cannot be made and you will be deemed as having automatically withdrawn from the Plan.

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Q20: As a staff of the Bank, will I be eligible for waiver of service charges for the maintenance of my CPF Investment Account?

You will be eligible for the waiver of the transaction charge of \$2.50 per contribution and the custodial charge of \$2 per quarter during the 24-month Offering Period. However, once your contributions are converted to shares, you will have to pay the transaction charge of \$2.50 for the purchase of OCBC shares and the custodial charge of \$2 per quarter.

Q21: Is there a prescribed proportion of cash and CPF contributions?

No, there is no prescribed proportion of the cash and CPF contribution. However, once the proportions have been decided for a particular Offering Period, they cannot be changed until the next Offering Period.

Q22: Can I vary the proportion of cash and CPF contributions, with no change to the total quantum, during the Offering Period?

No, the proportion of cash and CPF contribution is fixed at the beginning of the Offering Period and remains unchanged until the next Offering Period.

Q23: Can I change my contribution quantum if there is a change in my monthly base salary?

No, the quantum of monthly contribution is fixed at the beginning of the Offering Period.

Q24: When will the monthly contribution be deducted from my salary or CPF Ordinary Account?

For contributions made via salary deduction, the amount would be deducted on pay day. For contributions made using CPF Ordinary Account funds, the deduction will take place 3 working days before the date of crediting to 'ESPP – CPF' Account (15th of the month). If 15th is a non-working day, the crediting will take place on the working day prior to 15th.

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CONVERSION - ACQUISITION OF SHARES / CASH ELECTION

(i) ACQUISITION OF SHARES

Q25: When can I acquire the Shares?

You may do so at the end of the 2-year Offering Period and / or once anytime after the first 12 months of the Offering Period.

Q26: How do I acquire the shares?

To acquire the shares, you need to access the My-Share@OCBC system and indicate the conversion amount as well as the mode of conversion. If you are making cash contributions, you will also need to open a Direct Securities Account with the Central Depository Pte (Ltd) for the crediting of the shares. Please note that you will be responsible for all fees that may be levied by the Central Depository Pte (Ltd) relating to the issue and allotment and/or transfer of the shares and the transaction charge of \$2.50 per lot of purchase of OCBC shares subject to a maximum of \$25 (subject to GST) and the custodial charge of \$2 per quarter for CPF Investment Accounts.

*The navigational path (in the My-Shares@OCBC portal) for conversion:
My Stock > ESPP – Conversion: Acquire Shares/Cash Election*

Q27: Can I choose to make a partial acquisition of the shares?

Yes, at any time after the first 12 months of the Offering Period, you may choose to make a partial acquisition of the shares by converting the full amount standing to your credit in your Plan Account at the point of acquisition

Example 1 (acquisition after 13th month, before the 14th month contribution):

<i>Monthly contribution to the Plan Account</i>	<i>= S\$100</i>
<i>Conversion Amount at the point of acquisition</i>	<i>= S\$1,300</i>
<i>Acquisition Price</i>	<i>= S\$6.61</i>
<i>Total number of shares to be acquired</i>	<i>= 196</i>

**You may choose to withdraw from the Plan after acquiring the shares, in which case any balance in the Plan Account will be refunded to you. Alternatively, you can choose to continue to participate in the Plan and acquire the shares at the end of the 24-month Offering Period.*

Note: For illustration purposes, the figures do not include the accrued interest.

Q28: Can I make advance contribution to my Plan Account and convert the full amount to OCBC shares?

No, you cannot make advance contribution to your ESPP Plan Account and convert the full amount to OCBC shares.

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Frequently Asked Questions & Answers

Q29: How will the shares that I have acquired be credited to me?

The shares will be credited directly into your Direct Securities Account if your contributions were made by monthly deductions from your monthly salary. If your contributions were made by monthly deductions from your CPF Ordinary Account, the shares will be credited directly into your CPF Investment Account. In the event that the shares credited into your CPF Investment Account exceeds the limit on the investible savings (which is currently set at 35%) that can be invested in your CPF Investment Account as approved by the CPF Board, the excess amount will be refunded with accrued interest to your CPF Ordinary Account. You may then make a cash contribution to your Plan Account so that you can acquire the shares.

Example 1:

Available limits in CPF Ordinary Account for Acquisition of shares	= S\$10,500 (35% of investible savings)
Amount available for acquisition in Plan Account	= S\$12,000
Acquisition Price	= S\$6.61
Total number of shares to be acquired from CPF Ordinary Account	= 1,588 (a)
Total CPF Ordinary amount to be paid for shares	= S\$10,496.68
Amount to be refunded to CPF Ordinary Account	= S\$1,500.47
Amount of cash top up by employee	= S\$1,500.47
Total number of shares to be acquired from cash contributions	= 227 (b)
Total shares acquired (a) + (b)	= 1,815

Note: For illustration purposes, the figures do not include the accrued interest.

(ii) CASH ELECTION

Q30: What is “Cash Election”?

It is an alternative mode of conversion where participants elect to receive in cash the net profits derived from the sale of all of the shares converted.

Q31: What is the difference between Cash Election and Acquisition of Shares?

Under Cash Election, participants do not receive OCBC shares. They will receive the net cash profits arising from the difference between the prevailing OCBC share price (less brokerage, transaction and processing charges) and the acquisition price.

Q32: How do I elect Cash Election?

You will need to access the My-Shares@OCBC portal and indicate the conversion amount as well as the mode of conversion as “Cash Election”.

*The navigational path (in the My-Shares@OCBC portal) for conversion:
My Stock > ESPP – Conversion: Acquire Shares/Cash Election*

Q33: Is Cash Election available during the ‘Blackout Period’?

It will not be available during “Black-Out Periods” as defined in the Rules of the OCBC Employee Share Purchase Plan.

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Q34: Can I change the amount to be converted or cancel the Cash Election conversion notification after submission to Group HR?

No, it is an irrevocable election and no changes or withdrawal is allowed after submission.

Q35: How is the profit computed?

The profit is computed based on the following formula (fraction of a cent to be disregarded):

$$[SP - E - AP] \times N$$

where:

SP = the weighted average of the prices of the participant's conversion shares sold by the Designated Broker

E = the actual prevailing brokerage, transaction and processing fees charged by the Designated Broker and CDP (inclusive of goods and services tax) for the sale and settlement of each of that Participant's Conversion Shares

AP = the acquisition price of each share

N = the number of participant's conversion shares

Q36: How is the selling price determined?

The selling price is the weighted average of the prices of the ESPP participant's conversion shares sold by the Designated Broker for the day. If the broker is unable to sell the required number of shares on the same market day, the average price will be determined over the period used to fulfil the sale of all the conversion shares.

Q37: Who is the Designated Broker? Can I appoint my broker for the sale of the shares?

By selecting the Cash Election, you are deemed to have irrevocably authorised the Bank to instruct OCBC Securities Pte Ltd to use its best endeavours to sell all your conversion shares on your behalf. You are not allowed to appoint your broker for the sale of your conversion shares nor specify a price for the sale of the conversion shares.

Q38: How will I receive the net cash profits?

For ESPP participants who are making their monthly contribution in cash via salary deduction, we will credit your net cash profits into your OCBC salary crediting account. Your conversion amount will also be refunded to your OCBC salary crediting account.

For participants who do not have an OCBC account, the net cash profits will be credited to your non-OCBC account via MEPS. Please note that the usual transaction charges (at S\$20 per transaction) will be applicable.

For ESPP participants who are making their monthly contribution using CPF funds, we will credit your net cash profits and refund your conversion amount to your CPF Ordinary Account.

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Q39: I am an overseas participant and I do not have a bank account opened in Singapore. How do I receive the profits? Do I need to pay any charges for remittance?

You will receive the net cash profits in your overseas bank account, subject to the following charges:

Crediting of Cash Profits to:	Type of Charges
Overseas account via Telegraphic Transfer*	At current staff-discounted TT rates: commission waived + 50% of prevailing cable charges. <i>Note: for TT to non-OCBC account or overseas locations other than Malaysia, you will have to pay the applicable charges imposed by the receiving bank</i>

** if the beneficiary country cannot receive funds in SGD, the funds will be converted to USD prior to remitting.*

(iii) END OF OFFERING

Q40: What happens if the share acquisition price is higher than the average of the last traded prices over the last 5 consecutive trading days at the end of the Offering Period?

Your total contributions will be refunded with accrued interest unless you have opted to acquire the shares.

Q41: What happens if the share acquisition price is lower than the average of the last traded prices over the last 5 consecutive trading days at the end of the Offering Period?

*Your total contributions with accrued interest, subject to a cap provided under the ESPP rules, will automatically be converted to shares unless you have opted not to acquire the shares. If you decide not to acquire the shares, you will need to go to the My-Shares@OCBC to select the option to convert using **Cash Election** to receive net cash profits derived from the sale of the converted shares or to select to **Withdraw Cash** to receive your total contributions with accrued interest.*

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WITHDRAWAL FROM PLAN

Q42: Can I discontinue my contributions and withdraw from the Plan during the Offering Period?

Yes, you may. You will need to access the My-Shares@OCBC portal to submit your discontinuance request. Your contributions will then be refunded to you with accrued interest.

*The navigational path (in the My-Shares@OCBC portal) for conversion:
My Stock > ESPP – Discontinue from Plan*

Q43: What are the circumstances under which an employee is deemed to have withdrawn from the Plan?

Other than an employee withdrawing from the Plan on his own accord, an employee may also be deemed as having automatically withdrawn from the Plan under the following circumstances:

- (a) death*
- (b) termination of employment*
- (c) retirement*
- (d) bankruptcy*
- (e) discontinuation of monthly contributions to the Plan Account*
- (f) insufficient funds in the designated account/s for the monthly deductions*
- (g) unsuccessful deduction (eg CPFIS Account closed under S15 CPF Act or CPF Settlement Standing Instruction)*

All the contributions in the Plan Account will then be refunded with accrued interest.

In the case of an employee who has passed away, the cash refunds will be paid to his estate while the CPF refunds will be credited back to his CPF Ordinary Account.

In the case of an employee who has been declared bankrupt, the refunds will be dealt with in accordance with the relevant bankruptcy and other mandatory applicable laws.

Q44: What will happen to my contributions if I tender my resignation?

Your monthly contributions will cease. If your last day of service falls after the first 12 months of the Offering Period, you may choose to acquire the shares. Alternatively, you can also choose to have all your contributions refunded to you with accrued interest in cash if your monthly contributions were made by monthly deductions from your monthly salary/or designated account or by direct crediting of your CPF Investment Scheme – Ordinary Account if your monthly contributions were made by monthly deductions from your CPF Ordinary Account.

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OTHERS

Q45: Will the acquisition of shares be eligible for dividends or any other distributions declared by the Bank?

Once the acquired shares have been issued to you, they will be eligible for all entitlements, including dividends or other distributions declared by the Bank.

Q46: Am I entitled to dividends and voting rights during the Offering Period?

No, you will not be entitled to dividends and voting rights as the shares are not acquired yet.

Q47: Can I trade in odd lots of the shares?

Yes, you may do so.

Q48: Can I sell the shares if I have used my CPF Ordinary Account to purchase the shares?

Yes, you can sell the shares. When you sell your shares, the sale proceeds will be credited into your CPF Investment Account. The monies will remain in your CPF Investment Scheme – Ordinary Account unless you instruct your Agent Bank to effect the refund into your CPF Ordinary Account if your CPF Investment Scheme – Ordinary Account is inactive for a period of 2 months.

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Frequently Asked Questions & Answers

TAX LIABILITY / TAX INCENTIVE

Q49: What is my tax liability if I participate in the Plan?

Interest earned on your contributions in the Plan Account will be exempted from income tax, regardless whether cash or your CPF Ordinary Account for the monthly contributions.

If you acquire OCBC shares:

Your tax liability upon your acquisition of the shares will be based on the difference between the last done price on the date when the shares are credited to your Direct Securities /CPF Investment Account and the Acquisition Price. The taxable amount will be reflected in your annual IR8A Form (Form 8E).

Once you sell the shares after they have been credited into your account, any capital gains/losses made from the sale will not be taxable/tax deductible.

If you elected Cash Election:

The taxable profits are computed based on the difference between the last transacted price on the day when the shares are sold and the acquisition price, multiply by the number of conversion shares.

Q50: What are the Tax Incentives or Exemptions that I stand to enjoy under the IRAS' ERIS?

If all the qualify criteria for IRAS' ERIS (Equity Remuneration Incentive Scheme) are met, you will receive the following tax benefits:

<i>Amount of Share Gains for each year of assessment</i>	<i>Tax Benefit under IRAS' ERIS</i>
<i>First S\$2,000</i>	<i>Full Tax Exemption</i>
<i>Remaining Amount in excess of the first S\$2,000 (capped at S\$1million over 10 years)</i>	<i>25% Tax Exemption</i>