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OVERSEA-CHINESE BANKING CORPORATION LIMITED

(acting through its registered office in Singapore)

Issue of U.S.$500,000,000 5.520 per cent. Subordinated Notes due 2034

under the Oversea-Chinese Banking Corporation Limited

U.S.$30,000,000,000 Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes other than the Perpetual Capital Securities (the "**Conditions**") set forth in the Offering Memorandum dated 18 April 2024 (the "**Offering Memorandum**"). This Pricing Supplement, together with the information set out in the Schedules hereto, contains the final terms of the Notes and must be read in conjunction with such Offering Memorandum.

Where interest, discount income, early redemption fee or redemption premium is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

Pursuant to the Financial Services and Markets Act 2022 of Singapore (the "**FSM Act**") and the Financial Services and Markets (Resolution of Financial Institutions) Regulations 2024, the Subordinated Notes would be eligible instruments (as defined in the FSM Act). Accordingly, should a bail-in certificate (as defined in the FSM Act) be issued, Subordinated Notes may be subject to cancelation, modification, conversion and/or change in form, as set out in such bail-in certificate.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no

key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*Important Notice – Important Notice to Prospective Investors*" appearing on pages 1 to 2 of the Offering Memorandum, and CMIs (as defined in the Offering Memorandum) should refer to the section on "*Plan of Distribution – Important Notice to CMIs (including private banks)*" appearing on pages 429 to 431 of the Offering Memorandum.

1	Issuer:		Oversea-Chinese Banking Corporation Limited (acting through its registered office in Singapore)
2	(i)	Series Number:	60
	(ii)	Tranche Number:	001
3	Specified Currency or Currencies:		United States dollars ("**U.S.$**")
4	Aggregate Principal Amount:		
	(i)	Series:	U.S.$500,000,000
	(ii)	Tranche:	U.S.$500,000,000
5	Issue Price:		100.00% of the Aggregate Principal Amount
6	(i)	Specified Denominations:	U.S.$200,000 and, in excess thereof, integral multiples of U.S.$1,000
	(ii)	Calculation Amount:	U.S.$1,000
7	(i)	Issue Date:	21 May 2024
	(ii)	Interest Commencement Date:	Issue Date
	(iii)	Trade Date:	13 May 2024
	(iv)	First Call Date:	21 May 2029

8	Maturity Date:	21 May 2034
9	Interest Basis:	Fixed Rate, subject to paragraph 16(i) below (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/ Payment Basis:	Applicable, see paragraph 16(i) below
12	Put/Call Options:	Issuer Call (further particulars specified below)
13	Listing:	SGX-ST
14	Status of Notes:	Subordinated
15	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	**Fixed Rate Note Provisions**	Applicable
	(i) Rate(s) of Interest:	5.520% per annum payable semi-annually in arrear from (and including) the Interest Commencement Date to (but excluding) the First Call Date (as specified in paragraph 7(iv)). From (and including) the First Call Date to (but excluding) the Maturity Date, at a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing US Treasury Rate and (b) the Initial Spread. If such fixed rate in the aggregate is negative, it shall be deemed to be 0 per cent. For the purposes of this Pricing Supplement: "**Calculation Business Day**" means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City and Singapore. "**Calculation Date**" means the second Calculation Business Day preceding the First Call Date. "**Comparable Treasury Issue**" means the U.S. Treasury security selected by an independent financial institution of international repute (which is appointed by the Issuer and notified by the Issuer to the Trustee) as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years. "**Comparable Treasury Price**" means, with respect to any Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date.

"**Initial Spread**" means: 1.03 per cent.

"**Reference Treasury Dealer**" means each of the three nationally recognised investment banking firms selected by the Issuer that are primary U.S. Government securities dealers.

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 10.00 p.m. New York City time, on such Calculation Date.

"**US Treasury Rate**" means the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Noteholders (in accordance with the Conditions) equal to the yield on U.S. Treasury securities having a maturity of five years as is derived from H.15 under the caption "Treasury constant maturities", as displayed on Reuters page "FRBCMT" (or any successor page or service displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent) at 5 p.m. (New York time) on the Calculation Date. If such page (or any successor page or service does not display the relevant yield at 5 p.m. (New York time) on the Calculation Date, U.S. Treasury Rate shall mean the rate in percentage per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Calculation Date.

If there is no Comparable Treasury Price on the Calculation Date for whatever reason, U.S. Treasury Rate shall mean the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Noteholders (in accordance with the Conditions) equal to the yield on U.S. Treasury securities having a maturity of five years as is derived from H.15 under the caption "Treasury constant maturities", as was displayed on Reuters page "FRBCMT" (or any successor page or service displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent), at 5 p.m. (New York time) on

			the last available date preceding the Calculation Date on which such rate was displayed on Reuters page "FRBCMT" (or any successor page or service displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent).
	(ii)	Interest Payment Date(s):	21 May and 21 November in each year, provided that if any date for payment falls on a day which is not a Business Day, the date for payment will be the next succeeding Business Day. For the avoidance of doubt, Condition 7(j) applies to the Notes
	(iii)	Fixed Coupon Amount(s):	Not Applicable
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction (Condition 4(l)):	30/360
	(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	**Floating Rate Provisions**		Not Applicable
17A	**Singapore Dollar Notes**:		Not Applicable
18	**Zero Coupon Note Provisions**		Not Applicable
19	**Credit Linked Note Provisions**		Not Applicable
20	**Equity Linked Note Provisions**		Not Applicable
21	**Bond Linked Note Provisions**		Not Applicable
22	**Index Linked Interest Note Provisions**		Not Applicable
23	**Dual Currency Note Provisions**		Not Applicable
PROVISIONS RELATING TO REDEMPTION			
24	**Call Option**		Applicable
	(i)	Optional Redemption Date(s):	The First Call Date only, subject to regulatory approval (paragraph (ii) of Condition 5(d)(ii) shall not apply to the Notes)
	(ii)	Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	U.S.$1,000 per Calculation Amount
	(iii)	If redeemable in part:	Not Applicable
	(iv)	Notice period:	As provided for in the Conditions
25	**Put Option**		Not Applicable

26	**Variation instead of Redemption (Condition 5(h))**	Applicable
27	**Final Redemption Amount of each Note**	U.S.$1,000 per Calculation Amount
28	**Early Redemption Amount**	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 5(c)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different than that set out in the Conditions):	U.S.$1,000 per Calculation Amount

PROVISIONS RELATING TO LOSS ABSORPTION

29	Loss Absorption Option: Write-off on a Trigger Event (Condition 6(b)):	Applicable
30	Loss Absorption Option: Conversion:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

31	Form of Notes:	**Registered Notes:** Regulation S Unrestricted Global Certificate (U.S.$500,000,000 nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream
32	Financial Center(s) (Condition 7(j)) or other special provisions relating to Payment Dates:	New York City and Singapore
33	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
34	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
35	Details relating to Instalment Notes: amount of each Instalment, date on which each payment is to be made:	Not Applicable
36	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
37	Consolidation provisions:	Not Applicable
38	Other terms or special conditions:	Applicable. Please refer to Schedule 2 for certain modifications to the Conditions.

DISTRIBUTION

39	(i)	If syndicated, names of Managers:	Citigroup Global Markets Singapore Pte. Ltd. J.P. Morgan Securities Asia Private Limited Merrill Lynch (Singapore) Pte. Ltd. Oversea-Chinese Banking Corporation Limited Standard Chartered Bank (Singapore) Limited The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch Wells Fargo Securities International Limited
	(ii)	Stabilisation Manager (if any):	Any of the Managers appointed and acting in its capacity as stabilisation manager
40		If non-syndicated, name of Dealer:	Not Applicable
41		Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable:	TEFRA not applicable
42		Additional selling restrictions:	Not Applicable

HONG KONG SFC CODE OF CONDUCT

43	(i)	Rebates	Not Applicable
	(ii)	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	investor.info.hk.bond.deals@jpmorgan.com

OPERATIONAL INFORMATION

44	ISIN Code:	XS2823260604
45	Common Code:	282326060
46	CUSIP:	Not Applicable
47	CMU Instrument Number:	Not Applicable
48	Legal Entity Identifier (LEI):	5493007O3QFXCPOGWK22
49	Any clearing system(s) other than CDP, the CMU, Austraclear, Euroclear and Clearstream and/or DTC and the relevant identification number(s):	Not Applicable
50	Delivery:	Delivery against payment
51	Additional Paying Agent(s) (if any):	Not Applicable
52	The Agents appointed in respect of the Notes are:	Not Applicable

GENERAL INFORMATION

53	Governing law of Notes:	English, save that the provisions of the subordination, set-off and payment void, default and enforcement Conditions in Condition 3(b), Condition 3(c), Condition 3(d), Condition 10(b)(ii)

and Condition 10(b)(iii) are governed by, and shall be construed in accordance with, Singapore law

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue and admission to trading on the SGX-ST of the Notes described herein pursuant to the U.S.$30,000,000,000 Global Medium Term Note Programme of Oversea-Chinese Banking Corporation Limited.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: 

Duly authorised

Goh Chin Yee
Group Chief Financial Officer

By: 

Duly authorised

Koh Li-San
Head, Funding and Capital Management

SCHEDULE 1

The Offering Memorandum is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Memorandum. Save as otherwise defined herein, terms defined in the Offering Memorandum have the same meaning when used in this Schedule.

PRESENTATION OF FINANCIAL INFORMATION

On 10 May 2024, OCBC published its "Trading Update" that included certain of its unaudited consolidated financial results for the three months/first quarter ended 31 March 2024 (the "**First-quarter Trading Update**"). The First-quarter Trading Update is included hereto as Schedule 3.

RECENT DEVELOPMENTS

Acquisition of PT Bank Commonwealth Indonesia

OCBC Indonesia completed the acquisition of PT Bank Commonwealth Indonesia ("**PTBC**") on 1 May 2024. OCBC Indonesia now owns 100% of PTBC's shares, making PTBC a wholly-owned subsidiary of OCBC Indonesia.

The acquisition brings more than 1.2 million PTBC customers to OCBC Indonesia. PTBC will continue to operate independently until the integration process is completed. This is targeted to be in the fourth quarter of 2024. During this period, PTBC will serve its customers as usual with its banking products and services, including banking transactions at PTBC's branches and through digital channels.

This acquisition underscores Indonesia's continued importance to the Group. It is one of the Group's core markets together with Singapore, Malaysia and Greater China, and presents many opportunities as ASEAN's largest economy and the world's fourth most populous country. China is Indonesia's largest trading partner and Indonesia's second largest investor. Combining PTBC's capabilities with OCBC Indonesia enables OCBC Group to better capture the opportunities from the increasing ASEAN-Greater China wealth, trade and investment flows, in line with the Group's corporate strategy.

In relation to this acquisition, please also see the discussion under "*Risk Factors – Risks Relating to Our Business – We may seek opportunities for growth through acquisitions and could face integration and other acquisition risks*".

Voluntary unconditional general offer for all the issued ordinary shares in the capital of Great Eastern Holdings Limited

On 10 May 2024, OCBC announced a S$1.4 billion voluntary unconditional general offer ("**Offer**") for the 11.56% stake in Great Eastern Holdings Limited ("**Great Eastern Holdings**") that it does not currently own, a move aimed at strengthening OCBC's business pillars of banking, wealth management and insurance, and optimising its capital to enhance shareholder returns. OCBC's corporate strategy gained strong momentum in 2023, leveraging on OCBC's strengths to capitalise on the opportunities in one of the world's fastest-growing regions. The Offer is in line with OCBC's strategy to solidify its wealth management leadership position to drive growth by capturing rising Asian wealth.

The Offer price of S$25.60 represents a 36.9% premium over Great Eastern Holdings' last traded price of S$18.70 on 9 May 2024 and premiums of 38.6%, 40.0%, 41.9% and 42.4% over the volume weighted average price for the one-month, three-month, six-month and 12-month periods up to and including the last trading date of 9 May 2024.

With the Offer, OCBC intends to increase its investment in Great Eastern Holdings beyond its current stake of 88.44%, with a view to delisting Great Eastern Holdings from the SGX-ST.

In relation to the Offer, please also see the discussion under "*Risk Factors – Risks Relating to Our Business – We may seek opportunities for growth through acquisitions and could face integration and other acquisition risks*".

RISK FACTORS

The section "**RISK FACTORS**" beginning on page 33 of the Offering Memorandum shall be amended as follows:

A. The risk factor "***We are subject to a statutory bail-in regime.***" beginning on page 51 of the Offering Memorandum shall be deleted in its entirety (including the sub-header) and substituted therefor with the following:

"***We are subject to a statutory bail-in regime.***

In 2018, the MAS' powers in respect of the resolution and recovery of distressed financial institutions were strengthened to include provisions relating to temporary stays and suspensions, statutory bail in powers, cross border recognition of resolutions actions, creditor compensation and resolution funding. These powers were previously contained in the Monetary Authority of Singapore Act 1970 of Singapore (the "**MAS Act**") and the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulation 2018. These powers have since been migrated with effect from 10 May 2024 and are currently set out in the Financial Services and Markets Act 2022 of Singapore (the "**FSM Act**") and the Financial Services and Markets (Resolution of Financial Institutions) Regulations 2024 (the "**RFI Regulations**").

The MAS is empowered under Division 6 of Part 8 of the FSM Act to write down or convert a financial institution's debt into equity. The entities subject to the statutory bail-in powers of the MAS are presently limited to Singapore-incorporated banks and designated financial holding companies which have at least one subsidiary that is a Singapore-incorporated bank (each a "**Division 6 FI**"). The classes of instruments subject to the bail-in are:

(a) any equity instrument or other instrument that confers or represents a legal or beneficial ownership in the Division 6 FI except an ordinary share;

(b) any unsecured liability or other unsecured debt instrument that is subordinated to unsecured creditors' claims of the Division 6 FI that are not so subordinated; and

(c) any instrument that provides for a right for the instrument to be written down, cancelled, modified, changed in form or converted into shares or another instrument of ownership, when a specified event occurs,

but do not include any instrument issued before 29 November 2018, or a derivatives contract as defined in regulation 9(2) of the RFI Regulations.

In addition, MAS is empowered to require financial institutions to prepare, review and keep up-to-date a recovery plan, to temporarily stay counterparties' rights to terminate contracts with financial institutions in resolution, and to recognise resolution actions taken by a foreign resolution authority on financial institutions in Singapore.

Under regulation 33 of the RFI Regulations, a "qualifying pertinent financial institution" ("**QPFI**") and its subsidiaries are required to include enforceable provisions in financial contracts governed by foreign law which contain termination rights to ensure that the exercise of the termination rights for such contracts will be subject to MAS' temporary stay powers under sections 92 and 93 of the FSM Act. A QPFI is defined as a bank that is

incorporated in Singapore and to which a direction has been issued under section 52(1) of the FSM Act (on, prior to 10 May 2024, under section 43(1) of the MAS Act) (concerning directions for recovery planning and implementation). This would apply to our Group. A three-year transitional period has been provided from 1 November 2021 for QPFIs to implement the contractual recognition requirement. The contractual recognition requirement will come into effect on 1 November 2024.

There are safeguards in connection with MAS' powers relating to compulsory transfer, reverse transfer and onward transfer of business during resolution.

The implementation of the statutory bail-in regime could impact our future capital and funding structure and, accordingly, could affect our business."

B. The risk factor "***The resolution regime in Singapore may override the contract terms of the Subordinated Notes and the Perpetual Capital Securities, and the exercise of bail-in powers may be beyond the control of the relevant Issuer.***" beginning on page 60 of the Offering Memorandum shall be deleted in its entirety (including the sub-header) and substituted therefor with the following:

"***The resolution regime in Singapore may override the contract terms of the Subordinated Notes and the Perpetual Capital Securities, and the exercise of bail-in powers may be beyond the control of the relevant Issuer.***

Pursuant to the FSM Act and the RFI Regulations, should a Bail-in Certificate be issued, the Subordinated Notes and the Perpetual Capital Securities may be subject to cancellation, modification, conversion and/or change in form.

Holders of Subordinated Notes or Perpetual Capital Securities and the Trustee, as applicable, are deemed to agree to be bound by the terms of a Bail-in Certificate. Accordingly, the rights of such holders are subject to, and will be amended and varied (if necessary), solely to give effect to, the exercise of the MAS' powers under Division 6 of Part 8 of the FSM Act.

The determination of the viability of the relevant Issuer and the exercise of the MAS' powers is largely at the discretion of the MAS. While the MAS must have regard to the desirability of giving a pre-resolution creditor the priority and treatment that the pre-resolution creditor would have enjoyed had the Division 6 FI been wound up, the MAS may also consider other factors in determining whether to exercise its powers in accordance with this principle.

Potential investors should consider the risk that a holder of Subordinated Notes or Perpetual Capital Securities, as applicable, may lose all of their investment in such Subordinated Notes or Perpetual Capital Securities, as applicable, including the principal amount plus any accrued but unpaid interest (in respect of Notes other than Perpetual Capital Securities) or the principal amount plus any accrued but unpaid Distributions (in respect of Perpetual Capital Securities only), as applicable, in the event that a Bail-in Certificate is issued or undergo a change in form in their investment in line with the powers of the MAS to do so.

The issue of a Bail-in Certificate may depend on a number of factors which may be outside of the relevant Issuer's or the OCBC Group's (as applicable) control. The MAS may require or may cause the Subordinated Notes or the Perpetual Capital Securities to be subject to cancellation, modification, conversion and/or change in form in circumstances that are beyond the control of the relevant Issuer or the OCBC Group (as applicable) and with which neither the relevant Issuer or the OCBC Group (as applicable) agree."

SUPERVISION AND REGULATION

The section "**SUPERVISION AND REGULATION**" beginning on page 357 of the Offering Memorandum shall be deleted in its entirety and substituted therefor with the following:

"SUPERVISION AND REGULATION

Singapore Banking Industry

Introduction

Singapore licensed banks come within the ambit of the Banking Act and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation issued thereunder, banks have to comply with notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time, which may be issued to the banking industry generally or to a Singapore licensed bank specifically.

A licensed bank's operations may include the provision of capital markets services and financial advisory services. A bank licensed under the Banking Act is exempt from holding a capital markets services licence under the SFA and from holding a financial adviser's licence under the Financial Advisers Act 2001 of Singapore (the "**FAA**"). However, a licensed bank will nonetheless have to comply with the SFA and the FAA and the subsidiary legislation issued thereunder, as well as notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time, as may be applicable to it in respect of these regulated activities, and its conduct of any other activities that fall within the ambit of the SFA and FAA.

The Monetary Authority of Singapore

The MAS is banker and financial agent to the Singapore Government and is the central bank of Singapore. Following its merger with the Board of Commissioners of Currency, Singapore on 1 October 2002, the MAS has also assumed the functions of currency issuance. The MAS' functions include: (a) to act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Singapore Government; (b) to conduct integrated supervision of financial services and financial stability surveillance; (c) to manage the official foreign reserves of Singapore; and (d) to develop Singapore as an international financial centre.

The Regulatory Environment

Enhancing access to SGD and USD funding due to the COVID-19 pandemic

On 3 September 2020, the MAS announced measures to enhance the banking system's access to SGD and USD funding, which are intended to strengthen banking sector resilience, promote more stable SGD and USD funding conditions, and support credit intermediation amid continued economic headwinds from the COVID-19 pandemic.

A new MAS SGD Term Facility was launched in the week of 28 September 2020, to provide banks and finance companies an additional channel to borrow SGD funds at longer tenors and with more forms of collateral. The MAS SGD Term Facility will offer SGD funds in the 1-month and 3-month tenors, complementing the existing overnight MAS Standing Facility. In line with the MAS SGD Term Facility's objective to serve as a liquidity backstop, pricing will be set above prevailing market rates. A wider range of collateral comprising cash and marketable securities in SGD and major currencies will be accepted. In particular, D-SIBs that are incorporated in Singapore will be able to pledge eligible residential property loans as collateral at the MAS SGD Term Facility.

Likewise, the range of collateral that banks in Singapore could use to access USD liquidity from the MAS USD Facility was also expanded to a wider pool of cash and marketable securities, in line with what was

accepted at the MAS SGD Term Facility. The MAS USD Facility has since expired on 31 December 2021.

The MAS also indicated that it would raise the asset encumbrance limit imposed on locally-incorporated banks under the Banking Act. The asset encumbrance limit will be increased to 10% of a locally-incorporated bank's total assets, up from the current limit of 4%. This increase will give the locally-incorporated banks greater leeway to pledge residential property loans as collateral to access funding, so that they can support the financial needs of individuals and businesses that are affected by the COVID-19 pandemic.

The MAS announced on 5 July 2021 that it will extend the MAS SGD Facility for ESG Loans from 1 October 2021 to 31 March 2022. This Facility provides low-cost funding for banks and finance companies to grant loans under Enterprise Singapore's Enterprise Financing Scheme – SME Working Capital Loan and Temporary Bridging Loan Programme. On 18 February 2022, the MAS announced that it will further extend the MAS SGD Facility for ESG Loans from 1 April 2022 to 30 September 2022. A revised interest rate of 0.5% per annum will apply for funding provided from the May 2022 application window onwards to better reflect interest rates in Singapore.

Framework for Systemically Important Banks in Singapore

OCBC was designated as a D-SIB in Singapore on 30 April 2015. The framework for D-SIBs is set out in the MAS' Framework for Impact and Risk Assessment of Financial Institutions (revised in September 2015), which builds on the proposals set out in the MAS Consultation Paper on the Proposed Framework for Systemically Important Banks in Singapore dated 25 June 2014. Broadly, D-SIBs will be subject to more intensive supervision by the MAS than banks which are not so designated. In particular, locally-incorporated D-SIBs are subject to higher loss absorbency requirement, which may have an adverse effect on OCBC's return on capital and profitability.

Capital Adequacy Ratios ("CAR")

In December 2010, the Basel Committee published Basel III which presents the details of global regulatory standards on bank capital adequacy and liquidity, aimed at strengthening global capital standards and promoting a more resilient banking sector.

Basel III sets out higher capital standards for banks, and introduced two global liquidity standards: the "Liquidity Coverage Ratio", intended to promote resilience to potential liquidity disruptions over a 30-day horizon and the "Net Stable Funding Ratio", which requires a minimum amount of stable sources of funding at banks relative to the liquidity profiles of their assets and potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon. In January 2011, the Basel Committee has also published requirements for all classes of capital instruments issued on or after 1 January 2013 to be loss absorbing at the point of non-viability. In July 2012, the Basel Committee further published the interim framework for capitalisation of bank exposures to central counterparties.

MAS Notice 637 implements Basel III capital standards for Singapore-incorporated banks and sets out the current requirements relating to the minimum capital adequacy ratios for Singapore-incorporated banks and the methodology such banks shall use for calculating these ratios. MAS Notice 637 also sets out the expectations of the MAS in respect of the internal capital adequacy assessment process of Singapore-incorporated banks under the supervisory review process and specifies the minimum disclosure requirements for Singapore-incorporated banks in relation to its capital adequacy.

Pursuant to MAS Notice 637, the MAS has imposed capital adequacy ratio requirements on a Singapore-incorporated bank at two levels:

(a) the bank standalone ("**Solo**") level capital adequacy ratio requirements, which measure the capital adequacy of a Singapore-incorporated bank based on its standalone capital strength and risk profile; and

(b) the consolidated ("**Group**") level capital adequacy ratio requirements, which measure the capital adequacy of a Singapore-incorporated bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other entities which are treated as part of the bank's group of entities according to SFRS (collectively called "**banking group entities**") taking into account any exclusions of certain bank group entities or any adjustments pursuant to securitisation required under MAS Notice 637.

In addition to complying with the above capital adequacy ratio requirements in MAS Notice 637, a Singapore-incorporated bank should consider as part of its internal capital adequacy assessment process whether it has adequate capital at both the Solo and Group levels to cover its exposure to all risks.

Under MAS Notice 637, D-SIBs will be required to meet capital adequacy requirements that are higher than the Basel Committee's requirements. MAS Notice 637 sets out a minimum Common Equity Tier 1 ("**CET1**") CAR of 6.5%, Tier 1 CAR of 8.0% and a Total CAR of 10.0% for D-SIBs incorporated in Singapore. The minimum capital requirements under MAS Notice 637 are two percentage points higher than the Basel III minima specified by the Basel Committee, and are aimed to reduce the probability of failure of D-SIBs by increasing their going-concern loss absorbency.

Under the requirements of the Basel Committee, banks are required to maintain minimum CET1 CAR, Tier 1 CAR and Total CAR of 4.5%, 6.0% and 8.0%, respectively, from 1 January 2015. In addition, banks are required to hold a Capital Conservation Buffer ("**CCB**") of 2.5% above the minimum capital adequacy requirements to weather periods of high stress. This CCB is to be met with CET1 capital and began at 0.625% on 1 January 2016, increasing by an additional 0.625 percentage points in each subsequent year, and reached 2.5% on 1 January 2019.

Furthermore, banks may be subject to a countercyclical buffer ranging from 0% to 2.5% which will be implemented by each country when there has been a build-up of system-wide risk associated with excessive aggregate credit growth in their systems, with discretion on the implementation according to their national circumstances. The countercyclical buffer was phased in from 1 January 2016 to 1 January 2019. It is not an ongoing requirement but only applied as and when specified by the relevant national banking supervisors. The countercyclical buffer is to be maintained in the form of CET1 capital.

In line with the Basel Committee's requirements, the MAS has introduced in MAS Notice 637 a CCB of 2.5% above the minimum capital adequacy requirements. The CCB will be met with CET1 capital and begins at 0.625% on 1 January 2016, increasing by an additional 0.625% in each subsequent year, to reach its final level of 2.5% on 1 January 2019. The MAS has also introduced in MAS Notice 637 a countercyclical buffer requirement in the range of 0% to 2.5% to be met with CET1 capital. The actual magnitude of the countercyclical buffer applicable to a Singapore-incorporated bank is the weighted average of the country-specific countercyclical buffer requirements that are being applied by the regulators in the countries to which the bank has private sector credit exposures.

The table below summarises the capital requirements under MAS Notice 637 for D-SIBs.

From 1 January	2015	2016	2017	2018	2019
Minimum CARs %					
CET1 (a)	6.5	6.5	6.5	6.5	6.5
CCB (b)		0.625	1.25	1.875	2.5
CET1 including CCB (a) + (b). . .	6.5	7.125	7.75	8.375	9.0
Tier 1 including CCB.....	8.0	8.625	9.25	9.875	10.5
Total including CCB	10.0	10.625	11.25	11.875	12.5
Maximum Countercyclical Buffer		0.625	1.25	1.875	2.5

Under MAS Notice 637, Singapore-incorporated banks are also required to maintain, at both the Solo and Group levels, a minimum leverage ratio of 3% at all times.

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments include items such as goodwill, intangible assets, deferred tax assets and investments in unconsolidated financial institutions in which the bank holds a major stake and are fully-phased in as at 1 January 2018.

MAS Notice 637 was amended on 17 October 2016 to implement requirements for Singapore-incorporated banks that are consistent with the final standards issued by the Basel Committee in relation to (a) capital requirements for banks' equity investments in funds, (b) the Basel Committee's standardised approach for measuring counterparty credit risk exposures, (c) capital requirements for bank exposures to central counterparties, and (d) revised Pillar 3 disclosure requirements. The amendments will enhance the risk capture of banks' equity exposures and counterparty credit risk exposures, while the revised Pillar 3 disclosure requirements will improve comparability and consistency of disclosures and enable market participants to better assess a bank's capital adequacy. Revisions have also been made to align the regulatory capital treatment for investments in unconsolidated major stake entities that are not financial institutions, and for private equity and venture capital investments, with the treatment of significant investments in commercial entities under the Basel capital framework. The amendments took effect from 1 January 2017. For amendments relating to the standardised approach for measuring counterparty credit risk exposures and capital requirements for bank exposures to central counterparties, transitional arrangements are provided to allow more time for implementation. For Pillar 3 disclosure requirements, the disclosures required under the revised framework will be for the reporting periods ending on or immediately after 1 January 2017 for the majority of disclosure templates and 1 January 2018 for the remaining templates.

On 22 September 2017, a revised MAS Notice 637 was issued. Among other things, the transitional arrangements for the adoption of the Internal Ratings Based Approach were amended to reflect certain changes in the calculation of the amount of capital floors, including removing "Tier 1 Capital Resources Requirement" from the basis in calculating the amount of capital floors. Revisions were also made to the reporting schedules in MAS Notice 637.

Separately, the MAS released a consultation paper on proposed amendments to MAS Notice 637 on 9 January 2017 to implement requirements that are consistent with the final standards issued by the Basel Committee in relation to revisions to the securitisation framework and standards for interest rate risk in the banking book ("**IRRBB**"). The proposed framework for IRRBB sets out Pillar 2 requirements for the identification, measurement, monitoring and control of IRRBB, and disclosure requirements under prescribed interest rate shock scenarios. On 29 November 2017, the MAS

released its response to this consultation paper and issued a revised MAS Notice 637 to implement amendments to the securitisation framework. These strengthen capital standards for securitisation exposures, while providing a preferential capital treatment for simple, transparent and comparable securitisations. The framework for IRRBB, which was finalised and incorporated into a revised MAS Notice 637 on 13 November 2018 and took effect from 31 December 2018, sets out requirements for the identification, measurement, monitoring and control of IRRBB that are consistent with the standard issued by the Basel Committee.

On 25 July 2017, the MAS issued the Consultation Paper on the Proposed Amendments to Capital Requirements for Singapore-Incorporated Banks in MAS Notice 637 which proposes amendments to introduce the minimum leverage ratio requirement of 3.0%. Technical enhancements were also proposed on the capital treatment of equity investments and the definition of default under the Internal Ratings Based Approach for credit risk. On 28 December 2017, MAS Notice 637 was revised to introduce a minimum leverage ratio requirement of 3.0% at the Solo and Group levels with effect from 1 January 2018.

On 20 December 2017, the MAS issued a Consultation Paper on Proposed Amendments to Widen the Scope of Eligible Collateral Relating to Commodities and Equity Securities in MAS Notice 637, to propose amendments to MAS Notice 637 to widen the scope of eligible collateral relating to commodities and equity that may be recognised for credit risk mitigation purposes. The MAS issued its response to this consultation on 13 November 2018, and implemented its proposed revisions to the list of eligible collateral in MAS Notice 637 with effect from 16 November 2018.

On 13 November 2018, MAS Notice 637 was also amended to implement the Basel Committee's total loss-absorbing capacity ("**TLAC**") holdings standard which sets out the regulatory capital treatment of banks' investments in instruments that comprise TLAC for global systemically important banks ("**G-SIBs**") (the "**TLAC Amendments**"). The TLAC Amendments sought to limit contagion within the financial system if a G-SIB were to enter resolution. They introduced, among other things, the requirement of an additional 5% threshold for non-regulatory capital TLAC holdings, and confine the usage of the additional 5% threshold to non-regulatory capital TLAC holdings that meet certain prescribed conditions, including the conditions that such TLAC holdings must be: (a) in the bank's trading book; and (b) sold within 30 business days of the date of its acquisition. The TLAC Amendments took effect from 1 January 2019.

With effect from 30 June 2019, further amendments were made to MAS Notice 637 to allow the recognition of on-balance sheet netting agreements for loans and deposits for credit risk mitigation purposes, introduce proportionality for disclosure requirements, revise certain disclosure templates, and implement other technical revisions.

On 31 March 2020, in light of the COVID-19 pandemic, MAS Notice 637 was amended to allow the full recognition of balances maintained in regulatory loss allowance reserve accounts as Tier 2 Capital between 31 March 2020 and 30 September 2021 (both dates inclusive). Further technical revisions to MAS Notice 637 were implemented with effect from 1 October 2020, including the capital treatment of public sector entities.

With effect from 1 July 2021, MAS Notice 637 was amended to specify the transitional arrangements for the adoption of the standardised approach for counterparty credit risk ("**SA-CCR**") and to indicate that the revised capital requirements for bank exposures to central counterparties will cease on 31 December 2021. It also reflects amendments setting out an alternative treatment for the measurement of derivative exposures for leverage ratio calculation, using a modified version of SA-CCR as well as other amendments to implement technical revisions to the credit risk framework. Further amendments to MAS Notice 637 were made with effect from 18 August 2021 to implement the framework for the treatment of major stake investments in financial institutions at the Solo level.

With effect from 31 December 2021, MAS Notice 637 was amended to incorporate edits in relation to the insertion of a new charge to be held by the Housing and Development Board under the Prime Location Public Housing model. Further amendments effective from 1 January 2022 were also made to MAS Notice 637 to: (a) incorporate clarifications to the SA-CCR framework and the revised capital requirements for bank exposures to central counterparties, (b) implement revisions to the internal ratings-based approach application process and (c) implement technical revisions to the disclosure framework.

On 30 March 2022, the MAS issued a consultation paper on "Draft Public Disclosure Requirements for Regulatory Capital" seeking feedback on draft public disclosure requirements for regulatory capital for Singapore-incorporated banks. The draft provisions which are set out in MAS Notice 637 take into account standards relating to public disclosure requirements in the consolidated Basel Framework published by the Basel Committee on Banking Supervision. In particular, the MAS has stated that the draft amendments to Part XI of MAS Notice 637 will enhance market discipline by reflecting amendments to other parts of MAS Notice 637 which implements the final Basel III reforms, and improve the consistency and comparability of disclosure across Singapore-incorporated banks.

After a SMS phishing scam impersonating OCBC took place in December 2021, on 26 May 2022, the MAS applied a multiplier of 1.3 times to our risk-weighted assets for operational risk. Following the scams, we engaged an independent firm to review our systems and processes. Deficiencies were noted in our mitigation of identified risks, pre- and post-transaction controls, incident management and complaints handling, resulting in delays in containment measures and customer response time. The additional capital requirement has since been lifted on 26 October 2023 in view that we have taken satisfactory measures to address the deficiencies identified.

With effect from 1 January 2023, MAS Notice 637 was amended to: (a) implement the revised Pillar 3 disclosure requirements for interest rate risk in the banking book published by the Basel Committee on Banking Supervision; (b) implement a -100bps interest rate floor on the post-shock interest rates under the standardised interest rate shock scenarios set out in Annex 10C of MAS Notice 637; (c) provide additional clarity on the application of interest rate floors, interest rate caps, and pass-through rates when computing IRRBB under the standardised interest rate shock scenarios; and (d) implement various other technical revisions.

On 8 June 2023, the MAS announced that most of the final Basel III reforms in Singapore will come into effect from 1 July 2024. The requirements in the revised MAS Notice 637 will take effect as follows: (a) for all standards other than the revised market risk and credit valuation adjustment ("**CVA**") standards, this will take effect from 1 July 2024; (b) for the revised market risk and CVA standards, this will take effect from 1 July 2024 for compliance with capital adequacy and disclosure requirements; and (c) for the output floor transitional arrangement, this will commence from 1 July 2024 and reach full phase-in on 1 January 2029, with the phase-in timing being as follows:

- 50% with effect from 1 July 2024;
- 55% with effect from 1 January 2025;
- 60% with effect from 1 January 2026;
- 65% with effect from 1 January 2027;
- 70% with effect from 1 January 2028; and
- 72.5% with effect from 1 January 2029.

On 20 September 2023, the MAS published the updated reporting schedules and resources for MAS Notice 637 to implement the final Basel III reforms. On the same day, the MAS also published its response to feedback received pertaining to the various consultation papers on revisions to MAS Notice 637 that were published on (a) 17 December 2020 in relation to draft standards for operational risk capital and leverage ratio requirements; (b) 25 March 2021 in relation to draft standards for credit risk capital and output floor requirements; (c) 13 September 2021 in relation to draft standards for market risk capital and capital reporting requirements; and (d) 30 March 2022 in relation to draft public disclosure requirements for regulatory capital.

Other Key Prudential Provisions

Liquidity Coverage Ratio and Net Stable Funding Ratio

On 28 November 2014, the MAS issued MAS Notice 649. MAS Notice 649, which took effect on 1 January 2015, introduces a new liquidity requirement framework to implement the Basel III LCR rules and applies to banks in Singapore. Under MAS Notice 649 (as last revised on 24 June 2022), a D-SIB which is incorporated in Singapore and whose head office or parent bank is incorporated in Singapore shall maintain at all times, a Singapore Dollar LCR requirement of at least 100% and an all-currency LCR requirement of at least 60% by 1 January 2015, with the all-currency LCR requirement increasing by 10% each year to 100% by 2019.

On 14 December 2015, the MAS issued MAS Notice 651 on Liquidity Coverage Ratio Disclosure ("**MAS Notice 651**"), which took effect on 1 January 2016. MAS Notice 651 was last revised on 24 June 2022.

On 10 July 2017, the MAS issued a new MAS Notice 652 on Net Stable Funding Ratio ("**MAS Notice 652**") to implement the proposals set out in the consultation paper on Local Implementation of Basel III Liquidity Rules – Net Stable Funding Ratio ("**NSFR**") and NSFR Disclosure Requirements which was released in November 2016. MAS Notice 652 applies to D-SIBs and internationally active banks and took effect from 1 January 2018 (save for the Required Stable Funding add-on for derivative liabilities, which took effect from 1 October 2019). Under MAS Notice 652, a D-SIB incorporated and whose head office or parent bank is incorporated in Singapore must maintain an all-currency NSFR of at least 100% on a consolidated level (excluding certain banking group entities such as an insurance subsidiary).

The MAS consulted on the implementation of NSFR disclosure requirements as part of the public consultation on Proposed Amendments to Disclosure Requirements under MAS Notice 637, 651 and 653 which was separately issued on 10 July 2017. The proposed amendments to the disclosure frequencies under MAS Notice 651 on Liquidity Coverage Ratio Disclosure and MAS Notice 653 on Net Stable Funding Ratio Disclosure have been included in accordance with the Basel Committee's revised standards. On 28 December 2017, the MAS issued the revised MAS Notices 637 and 651 and a new MAS Notice 653 on Net Stable Funding Ratio Disclosure ("**MAS Notice 653**") to implement disclosure requirements for Singapore-incorporated banks that are consistent with the Basel Committee's revised standards on Pillar 3 disclosures under the Basel III framework. The amendments to MAS Notice 637 took effect on 1 January 2018 (except where indicated otherwise). The revised MAS Notice 651 took effect from 31 December 2017 and MAS Notice 653 took effect from 1 January 2018. Subsequently, MAS Notice 651 and MAS Notice 653 were revised again with effect from 1 October 2019, to, among other things, clarify the scope of their application. MAS Notice 653 was last revised on 24 June 2022.

MAS Notice 651 and MAS Notice 653 set out requirements applicable to banks incorporated in Singapore that are D-SIBs or internationally active banks for the disclosure of quantitative and qualitative information about LCR and NSFR respectively. Under the revised MAS Notice 651, a D-SIB that is incorporated in Singapore and whose head office or parent bank is incorporated in Singapore, or an internationally active bank, is required to disclose quantitative and qualitative

information about its LCR on a consolidated level (excluding certain banking group entities such as an insurance subsidiary) on a quarterly basis. MAS Notice 651 also sets out additional disclosure requirements on quantitative and qualitative information, such as the annual disclosure of information relating to its internal liquidity risk measurement and management framework.

Under MAS Notice 653, a D-SIB that is incorporated in Singapore and whose head office or parent bank is incorporated Singapore, or an internationally active bank, is required to disclose quantitative and qualitative information about its NSFR on a consolidated level (excluding certain banking group entities such as an insurance subsidiary) on a semi-annual basis.

Minimum Cash Balance

Under Section 39 of the Banking Act and MAS Notice 758 on Minimum Cash Balance ("**MAS Notice 758**"), a bank is also required to maintain, during a maintenance period, in its current account and custody cash account an aggregate minimum cash balance with MAS of at least an average of 3.0% of its average Singapore Dollar Qualifying Liabilities (as defined in paragraph 7 of MAS Notice 649 on Minimum Liquid Assets and Liquidity Coverage Ratio ("**MAS Notice 649**")) computed during the relevant two-week period beginning on a Thursday and ending on a Wednesday (the "**MCB requirement**"). A bank may, on a day-to-day basis, maintain in its current account and custody cash account, an aggregate cash balance within a band of 1% above or below the MCB requirement at the close of business. A bank must, at all times, maintain in its current account and custody cash account, an aggregate minimum cash balance of at least 2% of the average of the Singapore Dollar Qualifying Liabilities computed during the computation period, at the close of business of every day during the maintenance period.

Exposures and Credit Facilities

Under Section 29 of the Banking Act, the MAS may, by notice in writing to any bank in Singapore, or any class of banks in Singapore, impose such requirements as may be necessary or expedient for the purposes of:

(a) identifying any person or class of persons, where exposure of the bank, or a bank within the class of banks, to the person or class of persons may result in concentration risk to the bank; or

(b) limiting the exposure of the bank, or a bank within the class of banks, to any person or class of persons, where the exposure may result in concentration risk to the bank.

For the purposes of this paragraph, "exposure" means the maximum loss that a bank may incur as a result of the failure of a counterparty to meet any of its obligations.

On 3 January 2018, the MAS released a Consultation Paper on Proposed Revisions to the Regulatory Framework for Large Exposures of Singapore-incorporated Banks. The proposed revisions take into account relevant aspects of the "Supervisory framework for measuring and controlling large exposures" published by the Basel Committee in April 2014, and will apply only to Singapore-incorporated banks. The MAS released the Response to Feedback Received – Proposed Revisions to the Large Exposures Framework for Singapore-Incorporated Banks on 31 August 2018 and will, among other things, tighten the large exposures limit from 25% of eligible total capital to 25% of Tier 1 capital.

On 14 August 2019, the MAS issued MAS Notice 656 on Exposures to Single Counterparty Groups for Banks Incorporated in Singapore ("**MAS Notice 656**") implementing the revised requirements. MAS Notice 656 provides that, among other things, a bank incorporated in Singapore must not permit:

(a) at the Solo level, the aggregate of its exposures to any single counterparty group to exceed 25% of its Tier 1 capital; and

(b) at the Group level, the aggregate of the exposures of the banking group to any counterparty, any director group, any substantial shareholder group or any connected counterparty group to exceed 25% of the Tier 1 capital of the banking group. On 1 July 2021, MAS Notice 656 was amended to, amongst others, reflect that the transitional arrangements for the adoption of the standardised approach for credit risk under MAS Notice 637 will cease on 31 December 2021 and to clarify the treatment for an exempt exposure that is secured by eligible financial collateral or eligible credit protection.

On 3 May 2024, the MAS issued a revised MAS Notice 656 which will take effect from 1 July 2024. The revised MAS Notice 656 sets out consequential amendments arising from the re-issuance of MAS Notice 637 which takes effect on 1 July 2024 and amendments made to implement other technical revisions.

On 1 July 2021 a new Section 29A to the Banking Act intended to enhance the monitoring and control of the risk of conflict between the interests of a bank in Singapore and the interests of certain persons, branches or head offices that are related to the bank took effect. The new Section 29A provides that the MAS may, by written notice, impose requirements that are reasonably necessary for the purposes of identifying credit facilities from, exposures of and transactions of, the bank, to or with certain persons, branches, entities or head offices that may give rise to any conflict of interest, and for monitoring, limiting and restricting such credit facilities, exposures and transactions. Among other things, the notice may prohibit the bank from granting any credit facility, creating any exposure or entering into any transaction to or with such a person, branch, entity or head office.

Credit Loss Allowance

On 29 December 2017, the MAS issued the revised MAS Notice 612 on Credit Files, Grading and Provisioning (which took effect on 1 January 2018) in relation to the changes in the recognition and measurement of allowance for credit losses introduced in SFRS(I) 9. The regulatory requirement on minimum impairment provisions for credit-impaired exposures has been removed, and banks are to measure and recognise loss allowances for expected credit losses in accordance with the requirements of SFRS(I) 9. In addition, locally-incorporated banks which are designated by the MAS as D-SIBs are to maintain Minimum Regulatory Loss Allowances. Where the Accounting Loss Allowance falls below the Minimum Regulatory Loss Allowance, a locally-incorporated D-SIB is required to recognise the additional loss allowance by establishing a non-distributable regulatory loss allowance reserve account through appropriation of retained earnings. Every bank in Singapore is required to make adequate provisions for bad and doubtful debts and before any profit or loss is declared, ensure that the provision is adequate.

Related Party Transactions

MAS Notice 643 on Transactions with Related Parties ("**MAS Notice 643**") was issued pursuant to Section 29A(1) of the Banking Act and took effect on 1 July 2021. It sets out requirements relating to transactions of banks in Singapore with related parties and the responsibilities of banks in relation to transactions of branches or entities in the bank's group with related parties, which seek to minimise the risk of abuse arising from conflicts of interest in such transactions.

Under MAS Notice 643, a bank in Singapore is also required to obtain the approval of a special majority of three-fourths of its board and ensure that every branch or entity in its bank group obtains the approval of a special majority of three-fourths of the entity's board before entering into related party transactions that pose material risks to the bank (unless otherwise exempt), or write off any of its exposure to any of the bank's related parties, in order to provide more effective oversight over banks' related party transactions.

Permitted businesses and holdings

A bank in Singapore is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on any business except:

(a) banking business;

(b) business which is regulated or authorised by the MAS or, if carried on in Singapore, would be regulated or authorised by the MAS under any written law;

(c) business which is incidental to (a) or (b);

(d) business or a class of business prescribed by the MAS; or

(e) any other business approved by the MAS (Section 30 of the Banking Act).

On 29 September 2017, the MAS released a Consultation Paper on the Review of Anti-Commingling Framework for Banks which proposes to refine the anti-commingling framework for banks in two key aspects, including streamlining the conditions and requirements under regulation 23G of the Banking Regulations so as to make it easier for banks to conduct or invest in permissible non-financial businesses that are related or complementary to their core financial businesses, and allowing banks to engage in the operation of digital platforms that match buyers and sellers of consumer goods or services, as well as the online sale of such goods or services. In this connection, the MAS has also proposed amendments to regulations 23F and 23G of the Banking Regulations in the Consultation Paper on Proposed Amendments to Regulations, Notices and Guidelines Arising from the Banking (Amendment) Act 2020 and Other Changes published on 2 December 2020. Among other things, the MAS has prescribed a list of permissible non-financial businesses which banks may carry on if the business is related or complementary to any of the core financial business which is carried on by the bank, subject to conditions such as the requirement for the bank to put in place risk management and governance policies and procedures that are commensurate with the risks posed by such business, and obtain the approval of the board of directors (or an authorised person, in the case of a bank incorporated outside Singapore and its head office has carried on the business before) for such policies and procedures.

The revised anti-commingling policy measures and the amendments to regulations 23F and 23G of the Banking Regulations have been effected by way of the Banking (Amendment) Regulations 2021 which took effect on 1 July 2021.

Major stake and investment restrictions

A bank in Singapore, either directly or through any subsidiary of the bank or any other company in the bank group, can hold any beneficial interest in the share capital of a company (and such other investment, interest or right as may be prescribed by the MAS) ("**equity investment**"), whether involved in financial business or not, so long as such equity investment does not exceed in the aggregate 2% of the capital funds of the bank or such other percentage as the MAS may prescribe. Such a restriction on a bank's equity investment does not apply to any interest held by way of security for the purposes of a transaction entered in the ordinary course of the bank's business in Singapore or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity. This restriction on a bank's equity investment will also not apply in respect of any equity investment in a single company acquired or held by a bank in Singapore for the purposes of carrying on businesses that have been prescribed as a related or complementary business under regulation 23G(1) of the Banking Regulations. In addition, any major stake approved by the MAS under Section 32 of the Banking Act and any equity investment in a single company acquired or held by a bank when acting as a stabilising bank in relation to an offer of securities issued by the company will not be subject to the restrictions on equity investment described above.

Under Section 32 of the Banking Act, a bank in Singapore cannot hold or acquire, directly or indirectly, a major stake in any entity without obtaining the prior approval of MAS. A "**major stake**" means: (i) any beneficial interest exceeding 10% of the total number of issued shares or such other measure corresponding to shares in a company as may be prescribed; (ii) control over more than 10% of the voting power or such other measure corresponding to voting power in a company as may be prescribed; or (iii) any interest in the entity, by reason of which the management of the entity is accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the entity. For the purposes of this Section 32 of the Banking Act, "**entity**" means any body corporate or unincorporated, whether incorporated, formed or established in or outside Singapore.

No bank incorporated in Singapore shall hold or acquire, directly or through a subsidiary of the bank or any other company in the bank group, interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of the capital funds of the bank or such other percentage as the MAS may prescribe (Section 33 of the Banking Act). The Banking Regulations further provide that the property sector exposure of a bank in Singapore shall not exceed 35% of the total eligible assets of that bank. Under the Banking Act and the Banking Regulations, a bank can invest in properties subject to an aggregate of 20% of its capital funds, but it is not allowed to engage in property development or management. However, a bank incorporated in Singapore such as OCBC is permitted to carry on property management and property enhancement services in relation to investment properties that are owned by any entity in its bank group, foreclosed properties that have been acquired or are held by any entity in its bank group and buildings (the whole or any part which is) occupied and used by any entity in its bank group for the carrying on of that entity's business. For this purpose, "**bank group**", in relation to a bank incorporated in Singapore, refers to the group of entities comprising (a) the bank; (b) every subsidiary of the bank; (c) every branch of the bank; and (d) every other entity that is treated as part of the bank's group of entities for accounting purposes according to the Accounting Standards (as defined in the Banking Regulations).

Corporate Governance Regulations and Guidelines

The Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore (dated 3 April 2013) (the "**2013 Guidelines**") comprises the Code of Corporate Governance 2012 (the "**Corporate Governance Code**") for companies listed on the SGX-ST and supplementary principles and guidelines from the MAS. The 2013 Guidelines and the Banking (Corporate Governance) Regulations 2005 define what is meant by an independent director and set out the requirements for the composition of the board of directors and board committees, such as the Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee. The 2013 Guidelines also set out, *inter alia*, the principle that there should be a clear division of responsibilities between the leadership of the board of directors of a bank and the executive responsibilities of a bank, as well as the principle that there should be a strong and independent element on the board of directors of a bank, which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the bank and 10% shareholders of the bank (as defined in the 2013 Guidelines). The 2013 Guidelines also encourage the separation of the roles of Chairman and CEO and outline how this is to be applied. The 2013 Guidelines further set out the principle that the board of directors of a bank should ensure that the bank's related party transactions are undertaken on an arm's length basis.

The Corporate Governance Code was revised on 6 August 2018. The revised Corporate Governance Code sets out, amongst other things, the principles that there should be (i) a clear division of responsibilities between the leadership of the board of directors and the executive responsibilities of a company's business, and no one individual has unfettered powers of decision-making and (ii) an appropriate level of independence and diversity of thought and background in

the composition of the board of directors of the company, to enable it to make decisions in the best interests of the company. The revised Corporate Governance Code also requires the separation of the roles of Chairman and Chief Executive Officer.

The Corporate Governance Code was further amended on 11 January 2023 to reflect amendments made by the Singapore Exchange Regulation to the listing rules of the SGX-ST. The amendments introduced a nine-year tenure limit for independent directors and mandatory remuneration disclosure for each individual director and CEO. The revisions are in line with the recommendations made by the Corporate Governance Advisory Committee.

On 9 November 2021, the MAS published the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (the "**2021 Guidelines**"), which supersedes and replaces the 2013 Guidelines. The revisions take into account international standards and industry good practices. The MAS has incorporated the Code of Corporate Governance 2018 into the 2021 Guidelines and shifted certain provisions in the 2013 Guidelines which it considers to be baseline expectations on corporate governance into the Banking (Corporate Governance) Regulations 2005 for mandatory compliance. The 2021 Guidelines also include additional guidelines added by the MAS to take into account the unique characteristics of the business of banking in light of the diverse and complex risks undertaken by financial institutions conducting banking business and the responsibilities to depositors. The guidelines that relate to disclosures took effect from 1 January 2022 and apply to the annual reports covering financial years commencing from that date, with the bulk of the other guidelines taking effect from 1 April 2022.

To further enhance the corporate governance of banks, the Banking Act:

(a) requires a Singapore-incorporated bank to seek the MAS' approval before it appoints certain key appointment holders (including directors and chief executive officers), and in doing so, the MAS has the power to prescribe the duties of the appointment holders and to specify the maximum term of each appointment;

(b) empowers the MAS to remove key appointment holders of banks if they are found to be not fit and proper. The grounds for removal of such key appointment holders will be aligned with the criteria for approving their appointment. A Singapore-incorporated bank must also immediately inform the MAS if a key appointment holder is (in accordance with the Guidelines on Fit and Proper Criteria (last revised on 8 October 2018)) no longer a fit and proper person to hold the appointment;

(c) provides a provision to protect banks' external auditors who disclose, in good faith, information to the MAS in the course of their duties from any liability that may arise from such disclosure;

(d) empowers the MAS to direct banks to remove their external auditors if they have not discharged their statutory duties satisfactorily and protect banks' external auditors who disclose, in good faith, information to the MAS in the course of their duties from any liability that may arise from such disclosure; and

(e) empowers the MAS to prohibit, restrict or direct a bank to terminate any transaction that the bank enters into with its related parties if it is deemed to be detrimental to depositors' interests.

Other Requirements

Licensing

The MAS issues licences under the Banking Act to banks to transact banking business in Singapore. Such licences may be revoked if the MAS is satisfied, among other things, that the bank holding that licence: (a) has ceased to transact banking business in Singapore; (b) has provided information or documents to the MAS in connection with its application for a bank licence which is or are false or misleading in a material particular; (c) if it is a bank incorporated outside Singapore, has had its bank licence or authority to operate withdrawn by the supervisory authority which is responsible, under the laws of the country or territory where the bank is incorporated, formed or established, for supervising the bank; (d) proposes to make, or has made, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved; (e) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public; (f) is contravening or has contravened any provision of the Banking Act; (g) has been convicted of any offence under the Banking Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under the Banking Act; (h) is contravening or has contravened any provision of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 of Singapore (the "**Deposit Insurance and Policy Owners' Protection Schemes Act**") or any Rules issued by the deposit insurance and policy owners' protection fund agency under the Deposit Insurance and Policy Owners' Protection Schemes Act; (i) is contravening or has contravened any provision of the Monetary Authority of Singapore 1970 Act of Singapore (the "**MAS Act**"), or any direction issued by the MAS under the MAS Act; or (j) is contravening or has contravened any provision of the FSM Act, or any direction issued by the MAS under the FSM Act.

The MAS may also revoke an existing licence if, upon the MAS exercising any power under Section 49(2) of the Banking Act or the Minister exercising any power under Division 2, 4, 5 or 6 of Part 8 of the FSM Act in relation to the bank, the MAS considers that it is in the public interest to revoke the license.

Priority of liabilities in winding up

Section 61(1) of the Banking Act provides that, where a bank becomes unable to meet its obligations or becomes insolvent or suspends payment, the assets of that bank in Singapore are available to meet all liabilities in Singapore of the bank specified in Section 62(1) of the Banking Act (the "**Specified Liabilities**"). The Specified Liabilities have priority over all unsecured liabilities of the bank, other than the preferential debts specified in Section 203(1) of the Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the "**IRDA**").

Under Section 62(1) of the Banking Act, the Specified Liabilities are (and in the event of a winding up of a bank will, among themselves, rank in the following order of priority notwithstanding the provisions of any written law or any rule of law relating to the winding up of companies): (i) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners' Protection Schemes Act; (ii) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the Deposit Insurance Fund by the Singapore Deposit Insurance Corporation Limited ("**SDIC**") under the Deposit Insurance and Policy Owners' Protection Schemes Act in respect of such insured deposits; (iii) thirdly, deposit liabilities incurred by the bank with non-bank customers, other than those specified in paragraph (ii) above which are incurred (a) in Singapore dollars; or (b) on terms under which the deposit liabilities may be discharged by the bank in Singapore dollars; (iv) fourthly, deposit liabilities incurred by the bank with non-bank customers other than liabilities referred to in paragraphs (ii) and (iii); and (v) fifthly, any sum claimed by the trustee of a resolution fund (within the meaning of Section 107 of the FSM Act) from the bank under Section 112, 113, 114 or 115 of the FSM Act. As between Specified

Liabilities of the same class referred to in each of paragraphs (i) to (v) above, such liabilities shall rank equally between themselves and are to be paid in full unless the assets of the bank are insufficient to meet them in which case they are to abate in equal proportions between themselves.

Deposit Insurance Scheme

SDIC administers the Deposit Insurance Scheme ("**DI Scheme**") in accordance with the Deposit Insurance and Policy Owners' Protection Schemes Act for the purposes of providing limited compensation to insured depositors under certain circumstances. All licensed full banks in Singapore are DI Scheme members unless exempted by the MAS. The Deposit Insurance and Policy Owners' Protection Schemes Act was amended pursuant to the Deposit Insurance and Policy Owners' Protection Schemes (Amendment) Act 2018 with effect from 1 April 2019. Following the amendments, the deposit insurance coverage limit was raised from S$50,000 to S$75,000.

The MAS has on 27 June 2023 published a Consultation Paper on Proposed Enhancements to the Deposit Insurance Scheme in Singapore proposing to raise the deposit insurance coverage limit to S$100,000 per depositor with effect from 1 April 2024 so as to restore the percentage of fully-covered insured depositors to 91%. On 22 September 2023, the MAS published the first part of its response paper "Response to Feedback Received on Proposed Enhancements to the Deposit Insurance Scheme in Singapore (Part 1)" stating that it will proceed with the proposal to increase the maximum deposit insurance coverage to S$100,000 with effect from 1 April 2024. The MAS has also stated that while it notes the feedback on broadening the deposit insurance coverage scope to include foreign currency deposits, it has decided to continue excluding foreign currency deposits in view that the DI Scheme is intended to protect the core savings of small depositors, which are primarily denominated in Singapore Dollars. Pursuant to the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (Amendment of First Schedule Order) 2023, the deposit insurance coverage limit was raised from S$75,000 to S$100,000 with effect from 1 April 2024.

DI Scheme members are required to submit returns relating to their deposit insurance asset maintenance ratio and insured deposit base in line with the requirements set out in MAS Notice DIA-N01 (as last revised on 28 December 2023).

Notification of material adverse development

Section 48AA of the Banking Act (with effect from 30 November 2018) requires banks to inform the MAS of any development that materially affects the bank adversely, and in the case of Singapore-incorporated banks, any development that materially affects the bank or its related entities adversely.

Removal of Domestic Banking Unit and Asian Currency Unit

Banks in Singapore previously had to maintain separate accounting units for their domestic banking unit ("**DBU**") and their Asian currency unit ("**ACU**"). On 4 November 2019, the Banking (Amendment) Bill (B35/2019) was introduced in Parliament to (among other things) remove the DBU-ACU divide, and make consequential amendments to regulatory requirements following the removal of the DBU-ACU divide.

The MAS has previously noted that the removal of the DBU-ACU divide would require significant amendments to changes in banks' regulatory reporting systems. In this regard, the MAS issued an updated MAS Notice 610 on Submission of Statistics and Returns ("**MAS Notice 610**") on 17 May 2018 that was intended to take effect from 1 October 2020 providing a 30-month implementation timeline. However, the MAS Notice 610 dated 17 May 2018 was cancelled and superseded by a new MAS Notice 610 issued on 16 July 2019, which took effect from 1 July 2021. MAS Notice 610 was last revised with effect from 31 January 2022.

Privacy of customer information

Unless otherwise expressly provided in the Banking Act, a bank in Singapore and its officers may not disclose customer information to any other person without the written consent of the customer. On 29 June 2021, the MAS published MAS Notice 657 Privacy of Customer Information – Conditions for Disclosure of Customer Information by Auditors ("**MAS Notice 657**") which applies to all banks and their external auditors. MAS Notice 657 sets out the conditions which an auditor must comply with before disclosing any customer information to an employee of the Accounting and Corporate Regulatory Authority referred to in the Third Schedule of the Banking Act. MAS Notice 657 took effect from 1 July 2021.

Resolution Powers

Under the FSM Act and the Banking Act, the MAS has resolution powers in respect of Singapore licensed banks. Broadly speaking, the MAS has powers to (amongst other things) assume control of a bank, impose moratoriums, temporarily stay termination rights of counterparties, order compulsory transfers of business or shares and impose requirements relating to recovery and resolution planning. The powers contained in the FSM Act were previously contained in the MAS Act but have since been migrated to the FSM Act with effect from 10 May 2024.

Under Division 6 of Part 8 of the FSM Act, the MAS has statutory bail-in powers to write down or convert a financial institution's debt into equity. The entities subject to the statutory bail-in powers of the MAS are presently limited to Singapore-incorporated banks and Singapore-incorporated bank holding companies (each a "**Division 6 FI**"). The classes of instruments subject to the statutory bail-in powers of the MAS are provided under regulation 28 of the Financial Services and Markets (Resolution of Financial Institutions) Regulations 2024 (the "**RFI Regulations**") and include:

(a) any equity instrument or other instrument that confers or represents a legal or beneficial ownership in the Division 6 FI except an ordinary share;

(b) any unsecured liability or other unsecured debt instrument that is subordinated to unsecured creditors' claims of the Division 6 FI that are not so subordinated; and

(c) any instrument that provides for a right for the instrument to be written down, cancelled, modified, changed in form or converted into shares or another instrument of ownership, when a specified event occurs,

but do not include any instrument issued before 29 November 2018, or a derivatives contract as defined in regulation 9(2) of the RFI Regulations.

In the event of bail-in, all shareholders' voting rights on matters which require shareholders' approval will be suspended until the Minister has published a notice in the Gazette that the moratorium ceases to apply. In respect of any person who becomes a significant shareholder (i.e. if they have reached the relevant shareholding thresholds) as a result of the bail-in, the Minister may serve a written notice on that person if:

(a) the MAS is not satisfied that:

  (i) the person is, in accordance with the Guidelines on Fit and Proper Criteria, a fit and proper person to be a significant shareholder; and

  (ii) having regard to the likely influence of the person on it, the Division 6 FI or an entity established or incorporated to do one or both of the following: (A) temporarily hold and manage the assets and liabilities of the Division 6 FI; and/or (B) do any act for the orderly resolution of the Division 6 FI ("**resulting financial**

institution") will or will continue to conduct its business prudently and comply with the provisions of the FSM Act and the relevant Act applicable to it; or

(b) the Minister is not satisfied that:

(i) in a case where the Division 6 FI or resulting financial institution is a bank incorporated in Singapore, it is in the national interest for the person to remain a significant shareholder of the Division 6 FI or resulting financial institution, as the case may be; or

(ii) in any other case, it is in the public interest for the person to remain a significant shareholder of the Division 6 FI or resulting financial institution, as the case may be.

Where the Minister has served such a notice, then, until the person has disposed of or transferred the shares specified in the notice and in accordance with the notice:

(i) no voting rights are exercisable in respect of the specified shares except with the permission of the Minister, whether or not a notice under Section 86(2) is published that the provision has ceased to apply;

(ii) no shares of the Division 6 FI or resulting financial institution (as the case may be) may be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified shares except with the permission of the Minister; and

(iii) except in a liquidation of the Division 6 FI or resulting financial institution (as the case may be), the Division 6 FI or resulting financial institution may not make any payment (whether by way of dividends or otherwise) in respect of the specified shares except with the permission of the Minister.

This will ensure that only fit and proper persons can exercise voting rights attached to significant stakes in the financial institution. When exercising its bail-in powers, the MAS must have regard to the desirability of giving each pre-resolution creditor or pre-resolution shareholder of the Division 6 FI the priority and treatment the pre-resolution creditor or pre-resolution shareholder would have enjoyed had the Division 6 FI been wound up.

In addition, a Division 6 FI is also required to insert contractual bail-in clauses into instruments which fall within the scope of the MAS' statutory bail-in powers but which are governed by foreign laws, to the effect that the parties to the contract agree that the instrument may be the subject of the MAS' bail-in powers.

Under regulation 33 of the RFI Regulations, a "qualifying pertinent financial institution" ("**QPFI"**) and its subsidiaries will be required to include enforceable provisions in financial contracts governed by foreign law which contain termination rights to ensure that the exercise of the termination rights for such contracts will be subject to MAS' temporary stay powers under Sections 92 and 93 of the FSM Act (which prevent parties from exercising termination rights that arise out of the MAS' exercise of resolution powers and in the case of Section 93, during the period of the temporary stay). A QPFI is defined as a bank that is incorporated in Singapore and to which a direction has been issued under Section 52(1) of the FSM Act. A three-year transitional period has been provided from 1 November 2021 for QPFIs to implement the contractual recognition requirement. The contractual recognition requirement will come into effect on 1 November 2024.

There are safeguards in connection with MAS' powers relating to compulsory transfer, reverse transfer and onward transfer of business during resolution.

The MAS has the power to subject a bank to recovery and resolution planning requirements by issuing a direction under Section 51 of the FSM Act to the bank (a "**notified bank**"). A notified bank

must comply with the recovery and resolution planning requirements under MAS Notice 654 on Recovery and Resolution Planning, including the requirement to prepare, review and keep up-to-date a recovery plan that sets out a framework of recovery triggers (i.e. points at which appropriate recovery options may be taken) and an escalation process upon the occurrence of a trigger event, among other things. The MAS has also published the Guidelines to MAS Notice 654 on Recovery and Resolution Planning which provides guidance to notified banks on the recovery and resolution planning requirements set out in MAS Notice 654. Both MAS Notice 654 and the Guidelines to MAS Notice 654 were previously issued under the MAS Act but have since been migrated and issued under the FSM Act with effect from 10 May 2024.

On 22 March 2023, the MAS issued a statement on Additional Tier 1 instruments issued by Singapore-incorporated banks. The MAS announced that in exercising its powers to resolve a financial institution (which includes Singapore-incorporated banks), it intends to abide by the hierarchy of claims in liquidation, meaning that equity holders will absorb losses before holders of Additional Tier 1 and Tier 2 capital instruments. Further, creditors who receive less in a resolution compared to what they would have received had the financial institution been liquidated would be able to claim the difference from a resolution fund that would be funded by the financial industry. The creditor compensation framework will also apply in the exceptional situation where MAS departs from the creditor hierarchy in order to contain the potential systemic impact of the financial institution's failure or to maximise the value of the financial institution for the benefit of all creditors as a whole.

Examinations and Reporting Arrangements for Banks

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from the annual balance sheet and profit and loss account must report to the MAS immediately if in the course of the performance of his duties as an auditor of the bank, he is satisfied that: (a) there has been a serious breach or non observance of the provisions of the Banking Act or that otherwise a criminal offence involving fraud or dishonesty has been committed; (b) in the case of a bank incorporated in Singapore, losses have been incurred which reduce the capital funds of the bank by 50%; (c) serious irregularities have occurred, including irregularities that jeopardise the security of the creditors; (d) he is unable to confirm that the claims of creditors are still covered by the assets; or (e) any development has occurred or is likely to occur which has materially and adversely affected, or is likely to materially and adversely affect, the financial soundness of the bank.

In the Banking Act Consultation Paper published on 7 February 2019, as a consequence of the impending removal of the DBU-ACU divide, the MAS had proposed to introduce a new reporting benchmark wherein the auditor must report to the MAS immediately if he becomes aware of any development that has occurred or is likely to occur which he has reasonable grounds to believe has materially affected adversely, or is likely to materially affect adversely, the financial soundness of the bank. With the new reporting benchmark, limb (b) above would no longer apply to all banks, but only to banks incorporated in Singapore.

The MAS has discontinued the mandatory audit firm rotation policy for local banks. On 17 July 2018, the MAS cancelled MAS Notice 615 on Appointment of Auditors ("**MAS Notice 615**") dated 27 March 2002 and issued a new MAS Notice 615 (which took effect on 18 July 2018) pursuant to which banks incorporated and headquartered in Singapore will have to conduct a public tender for the reappointment of an auditor who has been appointed for a period of ten or more consecutive financial years following the last conduct of a public tender. The implementation timeline will be the financial year ending 31 December 2020 for banks with incumbent auditors for more than ten consecutive years; and the financial year ending 31 December 2022 or ten years after the commencement of the audit

engagement, whichever is later, for banks with incumbent auditors for up to ten consecutive years as of 31 December 2017.

Under Section 58 of the Banking Act, the MAS is empowered to direct banks to remove their external auditors if the MAS is not satisfied with the performance of any duty by the auditors of those banks.

All banks in Singapore are required to submit periodic statistical returns, financial reports and auditors' reports to the MAS, including returns covering minimum cash balances and liquidity returns, statements of assets and liabilities and total foreign exchange business transacted.

The MAS may also require ad hoc reports to be submitted.

Inspection and Investigative Powers

The MAS' inspection and investigative powers are set out under Section 43 to Section 44A of the Banking Act which allow the MAS to, under conditions of secrecy: (a) inspect the books of each bank in Singapore and of any branch, agency or office outside Singapore opened by a bank incorporated in Singapore; (b) inspect the books of each subsidiary incorporated in Singapore of a bank incorporated in Singapore, where the subsidiary is not regulated or licensed by the MAS under any other Act; and (c) investigate the books of any bank in Singapore if the MAS has reason to believe that the bank is carrying on its business in a manner likely to be detrimental to the interests of its depositors and other creditors, has insufficient assets to cover its liabilities to the public or is contravening the provisions of the Banking Act.

On 2 July 2021, the MAS published the Consultation Paper on Proposed Amendments to MAS' Investigative and Other Powers under the Various Acts proposing amendments under the Financial Institutions (Miscellaneous Amendments) Bill to various pieces of legislation including the Banking Act. The proposals aim to enhance the MAS' evidence-gathering powers and to facilitate greater inter-agency coordination. Amongst the proposed amendments to the Banking Act include according the MAS the power to require any person to provide information for the purposes of investigation, requiring any person to appear for examination, allowing the MAS to enter premises without warrant and be able to transfer evidence between the MAS and other agencies.

These proposals have been consolidated into the new FSM Act, an omnibus statute for the sector-wide regulation of financial services and markets, which is being implemented in phases. The first phase of the FSM Act which commenced on 28 April 2023 relates to the porting over of the provisions from the MAS Act relating to: (a) general powers over financial institutions, including inspection powers, offences and other miscellaneous provisions; (b) the anti-money laundering and countering the financing of terrorism framework for financial institutions; and (c)the Financial Dispute Resolution Schemes framework, into the FSM Act. The second phase of the FSM Act which commenced on 10 May 2024 introduced new provisions on technology and risk management and migrated provisions relating to the control and resolution of financial institutions and certain miscellaneous provisions from the MAS Act to the FSM Act. When the remaining phases of the FSM Act come into effect (which is targeted for the second half of 2024), it will, amongst others, introduce a harmonised and expanded power for the MAS to issue prohibition orders against persons who are not fit and proper from engaging in financial activities regulated by the MAS or performing any key roles of functions in the financial industry that are prescribed, in order to protect a financial institution's customers, investors or the financial sector. This broadens the categories of persons who may be subject to prohibition orders and widens the scope of prohibition to cover functions critical to the integrity and functions of financial institutions. The MAS has stated that it will continue to exercise its prohibition order powers judiciously taking into account the nature and severity of each misconduct, and its

actual and potential impact on trust in the financial sector. These expanded powers apply to persons working in banks.

Directors and Executive Officers of Banks

A bank incorporated in Singapore must not permit a person who is subject to certain circumstances set out in Section 54(1) of the Banking Act (for example where the person is an undischarged bankrupt, whether in Singapore or elsewhere) to act as its executive officer or director without the prior written consent of the MAS. The MAS may also direct the removal of a director of a bank in Singapore which is incorporated in Singapore or executive officer of a bank in Singapore if the MAS is satisfied that the director or executive officer (as the case may be) is not a fit and proper person under Section 54(2) of the Banking Act – this has been aligned with the criteria for approving their appointment. Banks are required under Section 53A of the Banking Act to notify the MAS of any development that could affect the fitness and propriety of their key appointment holders.

Financial Benchmarks

The SFA Amendment Act was gazetted on 16 February 2017, and came into force on 8 October 2018. Among other things, the SFA Amendment Act introduced a legislative framework for the regulation of financial benchmarks through a new Part 6AA in the SFA. The SFA Amendment Act (a) introduces specific criminal and civil sanctions under the SFA for manipulation of any financial benchmark (including SIBOR, SOR and Foreign Exchange spot benchmarks), and (b) subjects the setting of key financial benchmarks (which are designated as "designated benchmarks" by the MAS) to regulatory oversight. Benchmark administrators and benchmark submitters of designated benchmarks are subject to regulatory requirements under the SFA.

The Securities and Futures (Financial Benchmark) Regulations 2018 were issued on 8 October 2018, and set out the admission, ongoing conduct and other requirements which apply to benchmark administrators and benchmark submitters of designated benchmarks. Pursuant to the Securities and Futures (Designated Benchmarks) Order 2018, the MAS designated the SIBOR and SOR as designated benchmarks with effect from 8 October 2018.

On 30 August 2019, the MAS announced the establishment of the SC-STS to oversee an industry-wide benchmark transition from SOR to SORA. Following which, the ABS and the Singapore Foreign Exchange Market Committee ("**SFEMC**") issued a proposed transition roadmap and approach to achieve a smooth transition from SOR to SORA as the new interest rate benchmark for the SGD cash and derivatives markets. The SC-STS finalised in December 2020 that SIBOR would be discontinued after 31 December 2024, which is 18 months after the discontinuation of SOR which took place on 30 June 2023.

On 18 July 2022, the SC-STS released a paper setting out the finalised approach for: (a) setting the adjustment spreads within the MAS Recommended Rate in ISDA IBOR 2020 Fallbacks Protocol, Supplement number 70 to the 2006 ISDA Definitions and the 2021 ISDA Interest Rate Derivatives Definitions as well as the SC-STS' recommended contractual fallbacks for bilateral and syndicated corporate loans. These fallbacks will apply when Fallback Rate (SOR) is discontinued after 31 December 2024; (b) supplementary guidance on adjustments spreads for the period until 31 December 2024; and (c) application of the SC-STS supplementary guidance to active transition across various product types.

On 14 December 2022, the SC-STS published an implementation paper setting out technical details for the implementation of SC-STS' supplementary guidance on adjustment spreads for the

conversion of SOR contracts to SORA. SC-STS' supplementary guidance applies to the active transition of unhedged SOR loans and is to be used up till end-2024. The implementation paper only covers the

setting of adjustment spreads for the conversion of wholesale SOR contracts to Compounded-in-arrears SORA, and does not apply to the setting of adjustment spreads for the conversion of legacy SOR retail loans to Compounded-in-advance SORA.

On 30 June 2023, the SC-STS published a paper setting out its finalised approach for the setting of adjustment spreads for the conversion of legacy SIBOR loans to SORA in respect of both corporate loans and retail loans. For corporate loans, the SC-STS recommended the adjustment spreads to be based on the 5-year historical median spreads between SIBOR and compounded SORA. For retail loans, the SC-STS recommended the transition to take place in two phases. For both corporate loans and retail loans, the transition is expected to be completed by 30 June 2024, with SORA becoming the main interest rate benchmark used in Singapore dollar financial products thereafter.

Outsourcing

Under Section 47A of the Banking Act, a bank in Singapore which obtains or receives any relevant service on or after 1 July 2021 from (a) a branch or office of the bank (including its head office) that is located outside Singapore; or (b) any person, is required to take certain steps specified by the MAS by written notice to the bank to evaluate the ability of the branch or office or the person from whom the relevant service is being obtained from to perform certain functions. These functions include whether the branch or office or the person from whom the relevant service is being obtained from is able (i) to provide the relevant service; (ii) to ensure continuity of the relevant service; (iii) to safeguard the confidentiality, integrity and availability of information related to the provision of the relevant service that is in the custody of the branch or office or the person from whom the relevant service is being obtained from; (iv) to comply with written laws related to the provision of the relevant service; and (v) to manage the legal, reputational, technology and operational risks to the branch or office or person from whom the relevant service is being obtained from related to the provision of the relevant service. In addition, when the bank in Singapore receives a relevant service from its branch or office, it will be required to implement policies and procedures by which the branch or office is to provide the relevant service that satisfy the requirement specified by the MAS by written notice to the bank. For relevant services obtained from a person, the bank in Singapore will be required to enter into a contract with the person which satisfies the requirements specified by the MAS by written notice to the bank.

A "relevant service" is defined under Section 47A(12) of the Banking Act as any service obtained or received by the bank, other than a service provided in the course of employment by an employee of the bank or a service provided by a director or an officer of the bank in the course of the director's or officer's appointment, and does not include any service specified by the MAS by written notice.

On 11 December 2023, the MAS published MAS Notice 658 on Management of Outsourced Relevant Services for Banks ("**MAS Notice 658**") which sets out requirements that a bank in Singapore will have to comply with for the purposes of managing the risks associated with the bank's outsourced relevant services. A bank in Singapore will be required to maintain a register which list all ongoing outsourced relevant services obtained or received from a service provider, and outsourced relevant services obtained or received from a service provider, which involves the disclosure of customer information. Further, a bank in Singapore will be required to exercise greater supervision and control over material ongoing outsourced relevant services. With the exception of paragraphs 7.1 and 12.8, the requirements in MAS Notice 658 will take effect on 11 December 2024.

In addition, the MAS has also on 11 December 2023 published the Guidelines on Outsourcing (Banks) which set out the MAS' expectations of a bank or merchant bank that has entered into or is planning to enter into, an arrangement for ongoing outsourced relevant services, with the

exception of, amongst others, certain exempted Outsourced Relevant Services set out in Annex D of MAS Notice 658. Banks are expected to conduct a self-assessment of all outsourcing arrangements against these guidelines. The MAS expects banks to ensure that outsourced services (whether provided by a service provider or its sub-contractor) continue to be managed as if the services were still managed by the bank. Where the MAS is not satisfied with the bank's observance of the expectations in the guidelines, MAS may require the bank to take additional measures to address the deficiencies noted, which could include pre-notification of new material ongoing outsourced relevant services.

Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT") Requirements

A bank in Singapore is subject to AML/CFT requirements which are both of general application and applies to all persons in Singapore as well as those of sectoral application and which apply only to financial institutions in Singapore. The AML/CFT requirements which are of general application are set out in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 of Singapore ("**CDSA**") and the Terrorism (Suppression of Financing) Act 2002 of Singapore ("**TSOFA**") and applies to all persons in Singapore, including a bank in Singapore.

Separately, as a financial institution regulated by the MAS, a bank in Singapore is subject to AML/CFT requirements issued by the MAS which are of sectoral application. A bank in Singapore is required to implement robust controls to detect and deter the flow of illicit funds through Singapore's financial system. The MAS has issued MAS Notice 626 (as last revised on 28 March 2024) on Prevention of Money Laundering and Countering the Financing of Terrorism – Banks which sets out the AML/CFT requirements which a bank in Singapore is required to put in place. This includes performing customer due diligence on all customers, conducting regular account reviews, performing record keeping and reporting any suspicious transactions to the Suspicious Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force.

In addition, the MAS gives effect to targeted financial sanctions under the UN Security Council Resolutions ("**UNSCR**") through regulations issued under the FSM Act (the "**FSM Regulations**") which apply to all financial institutions in Singapore. Broadly, the FSM Regulations require financial institutions to (a) immediately freeze funds, other financial assets or economic resources of designated individuals and entities; (b) not enter into financial transactions or provide financial assistance or services in relation to: (i) designated individuals, entities or items; or (ii) proliferation, nuclear or other sanctioned activities; and (iii) inform MAS of any fact or information relating to the funds, other financial assets or economic resources owned or controlled, directly or indirectly, by a designated individual or entity.

In response to Russia's invasion of Ukraine, the Singapore Government has imposed financial measures targeted at designated Russian banks, entities and activities in Russia, and fund-raising activities benefiting the Russian government. These measures apply to all financial institutions in Singapore including a bank in Singapore. These financial measures are set out in MAS Notice SNR-N01 on Financial Measures in Relation to Russia and MAS Notice SNR-N02 on Financial Measures in Relation to Russia – Non-prohibited Payments and Transactions which were both published and took effect on 14 March 2022.

Following the commencement of Part 4A of the FSM Act on 1 April 2024, OCBC has been prescribed under the Financial Services and Markets (Information Sharing Scheme for Prescribed Financial Institutions) Regulations 2024 as a "bank in Singapore" to which Part 4A of the FSM Act applies. Part 4A of the FSM Act sets out the legal framework for prescribed financial institutions to share information on customers through a secure digital platform called COSMIC (short for "**Collaborative Sharing of ML/TF Information & Cases**") for the purposes of mitigating money laundering,

terrorism financing, and proliferation financing. OCBC is amongst one of the six commercial banks in Singapore who are participating in COSMIC which is intended to allow prescribed financial institutions share information on customers who exhibit multiple "red flags" that may indicate potential financial crime concerns if stipulated thresholds are met. COSMIC currently focuses on three key financial crime risks in commercial banking: (a) misuse of legal persons; (b) misuse of trade finance for illicit purposes; and (c) proliferation financing. As a prescribed financial institution, OCBC is subject to the requirements under MAS Notice FSM-N02 on Prevention of Money Laundering and Countering the Financing of Terrorism – Financial Institutions' Information Sharing Platform and is required to establish and implement robust internal controls to facilitate the sharing of risk information on COSMIC, protect the confidentiality of information being shared and the interests of legitimate customers.

Security of Digital Banking

The MAS and the ABS introduced a set of additional measures to bolster the security of digital banking following a spate of SMS-phishing scams targeting bank customers. Banks were expected to put in place more stringent measures related to digital security, including but not limited to the removal of clickable links in emails or SMSes sent to retail customers, notification to existing mobile number or email address registered with the bank whenever there is a request to change a customer's mobile number or email address and the setting up of dedicated and well-resourced customer assistance teams to deal with feedback on potential fraud cases on a priority basis. OCBC has implemented these additional measures.

On 2 June 2022, the MAS and ABS announced additional measures to further safeguard bank customers from digital banking scams. These additional measures include, amongst others, requiring additional customer confirmations to process significant changes to customer accounts and other high-risk transaction identified through fraud surveillance; providing an emergency self-service "kill switch" for customers to suspend their accounts quickly if they suspect their bank accounts have been compromised and facilitating rapid account freezing and fund recovery operations by co-locating bank staff at the Singapore Police Force Anti-Scam Centre. The additional measures have been progressively implemented by banks in Singapore and took full effect on 31 October 2022.

On 4 February 2022, the MAS announced that they will be developing a framework for equitable share of losses arising from scams. On 25 October 2023, the MAS and the Infocomm Media Development Authority published a joint consultation paper on Proposed Shared Responsibility Framework setting out a proposed Shared Responsibility Framework for sharing responsibility for scam losses amongst financial institutions, telecommunication operators and consumers for unauthorised transactions arising from phishing scams. The proposal provides that financial institutions and telecommunication operators will provide payouts to scam victims for a defined set of phishing scams, if specified anti-scam duties are breached. The assessment of how responsibility will be shared for the losses arising from an unauthorised transaction in a covered phishing scam will be based on a "waterfall" approach which recognises the primary accountability that financial institutions owe to consumers as custodians of their money. The Shared Responsibility Framework is intended to be operationalised in 2024.

Technology Risk Management and Cyber Hygiene

Under section 29 of the FSM Act (which came into force on 10 May 2024), MAS may, from time to time, issue such directions or make such regulations, concerning any financial institution or class of financial institutions as it considers necessary for: (a) the management of technology risks, including cyber security risks; (b) the safe and sound use of technology to deliver financial services; and (c) the safe and sound use of technology to protect data.

Banks in Singapore are subject to technology risk management requirements which include requirements for the bank in Singapore to have in place a framework and process to identify critical systems, to make all reasonable effort to maintain high availability for critical systems, to establish a recovery time objective of not more than four hours for each critical system, to notify the MAS of a system malfunction or IT security incident, which has a severe and widespread impact on the bank's operations or materially impacts the bank's service to its customers, to submit a root cause and impact analysis report to the MAS and to implement IT controls to protect customer information from unauthorised access or disclosure. These requirements were previously set out in MAS Notice 644 issued under the Banking Act but has since been migrated with effect from 10 May 2024 under MAS Notice FSM-N05 on Technology Risk Management issued under the FSM Act.

In addition, banks in Singapore are subject to cyber hygiene requirements. These requirements were previously set out in MAS Notice 655 issued under the Banking Act, but which have since been migrated with effect from 10 May 2024 to MAS Notice FSM-N06 on Cyber Hygiene issued under the FSM Act. MAS Notice FSM-N06 sets out cyber security requirements on securing administrative accounts, applying security patching, establishing baseline security standards, deploying network security devices, implementing anti-malware measures and strengthening user authentication.

Banks in Singapore are also subject to the MAS Technology Risk Management Guidelines ("**TRM Guidelines**") which sets out risk management principles and best practice standards to guide financial institutions (including banks in Singapore) in respect of (a) establishing a sound and robust technology risk management framework and (b) maintaining cyber resilience. The TRM Guidelines were revised in January 2021 to include new guidance on effective cyber surveillance, secure software development, adversarial attack simulation exercise, and management of cyber risks posed by emerging technologies. It also provides additional guidance on the roles and responsibilities of the board of directors and senior management, including the requirement that the board of directors and senior management to have members with the knowledge to understand and manage technology risks, which include risks posed by cyber threats.

Environment Risk Management

On 8 December 2020, the MAS issued the Guidelines on Environmental Risk Management for Banks ("**ERM Guidelines**") which applies on a group basis for locally-incorporated banks. The ERM Guidelines set out MAS' expectations on environmental risk management for all banks and covers governance and strategy, risk management, underwriting, investment and disclosure of environmental risk information. The Board and senior management of the bank is expected to maintain effective oversight of the bank's environmental risk management and disclosure, including the policies and processes to assess, monitor and report such risk, and oversee the integration of the bank's environmental risk exposures into the bank's enterprise risk management framework. Banks were given up to June 2022 to implement its expectations set out in the ERM Guidelines and demonstrate evidence of its implementation progress.

On 18 October 2023, the MAS published a consultation paper "Consultation Paper on Guidelines on Transition Planning (Banks)" setting out MAS' proposed Guidelines on Transition Planning to supplement the ERM Guidelines and provide additional granularity in relation to banks' transition planning processes. Transition planning for banks refers to the internal strategic planning and risk management processes undertaken to prepare for both risks and potential changes in business models associated with the transition. The proposed Guidelines on Transition Planning (Banks) (the "**TPG**") sets out the MAS expectation for banks to have a sound transition planning process to enable effective climate change mitigation and adaptation measures by their customers in the global transition to a net zero economy and the expected physical effects of climate change. It is proposed that the TPG will be applicable to banks extending credit to corporate customers,

underwriting capital market transactions, and other activities that expose banks to material environmental risk, and will apply on a group basis for locally-incorporated banks.

Supervision by Other Agencies

Our overseas operations are also supervised by the regulatory agencies in their respective jurisdictions.

Apart from being supervised by the MAS, our stockbroking and futures trading arms are also supervised by the Singapore Exchange Limited.

Singapore Insurance Industry

The MAS regulates and supervises licensed insurers in Singapore. The insurance regulatory framework in Singapore consists mainly of the Insurance Act 1966 of Singapore (the "**Insurance Act**") and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS. This section sets out certain key regulations applicable to licensed insurers in the conduct of their insurance business, and does not address the regulatory framework applicable to insurance intermediaries (whether or not agents or employees of licensed insurers) whether in respect of life or non-life policies.

The holding company of a Singapore licensed insurer could also be subject to regulation if the holding company is designated as a designated financial holding company ("**DFHC**") under Section 4 of the Financial Holding Companies Act 2013 of Singapore (the "**FHC Act**"). The FHC Act, which took effect from 30 June 2022, was introduced to establish the regulatory framework for designated Singapore-incorporated financial holding companies with one or more Singapore-incorporated bank or insurance subsidiaries. The salient provisions in the FHC Act relate to:

(a) a requirement to provide the MAS with information requested by the MAS for supervision purposes;

(b) restrictions on the use of the name, logo and trademark of a DFHC;

(c) restrictions on the activities of a DFHC;

(d) restrictions on the shareholding and control of a DFHC;

(e) limits on exposures and investments;

(f) minimum asset requirements;

(g) minimum capital and capital adequacy requirements;

(h) leverage ratio requirements;

(i) supervision and reporting requirements; and

(j) approval requirements for the appointment of directors and chief executives.

The FHC Act provides for transition periods for DFHCs to comply with various provisions in the specific provisions and a general power for the Minister to prescribe by regulations, for a period of two years from the commencement of operation of any provision, transitional provisions consequent on the enactment of that provision.

Great Eastern Holdings has been designated as a DFHC under Section 4 of the FHC Act, specifically a Tier 1 DFHC (Licensed Insurer) under the Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022, and is therefore subject to the requirements thereunder relating to DFHCs.

Great Eastern Holdings' subsidiary, Great Eastern Life is incorporated with limited liability in Singapore and is a direct insurer licensed to carry on life insurance business under the Insurance Act. Great Eastern Holdings' subsidiary GEG is incorporated with limited liability in Singapore and is a licensed direct insurer under the Insurance Act and holds a composite licence to carry on both life insurance business and general insurance business. GEG currently only sells general insurance.

Great Eastern Life is included by the Central Provident Fund ("**CPF**") Board as an insurer under the CPF Investment Scheme, where CPF monies may, subject to certain conditions, be used by CPF members to purchase investment-linked insurance policies issued by Great Eastern Life if such policies are also included under the CPF Investment Scheme.

Exempt Financial Adviser Status of Great Eastern Life

As a company licensed under the Insurance Act, Great Eastern Life is an exempt financial adviser under the FAA in relation to (a) advising others (other than advising on corporate finance within the meaning of the SFA) either directly or through publications or writings, and whether in electronic, print or other form, concerning life policies, (b) advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning life policies and (c) arranging of any contract of insurance in respect of life policies. As an exempt financial adviser, Great Eastern Life is subject to certain conduct of business and other requirements applicable under the FAA and its related regulations, notices, guidelines, practice notes, circulars and information papers.

Supervisory Powers of the Monetary Authority of Singapore

Under the Insurance Act, the MAS has, among other things, the power to impose conditions on a licensed insurer and may add to, vary or revoke any existing conditions of the licence. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Insurance Act and may at any time vary, rescind or revoke any such directions. The MAS may also issue such directions to an insurer as it may consider necessary or assume control of and manage such of the business of the insurer as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, it is satisfied that the affairs of the insurer are being conducted in a manner likely to be detrimental to the public interest or the interests of the policy owners or prejudicial to the interests of the insurer. The MAS is also empowered to cancel the licence of an insurer on certain grounds.

Systemically Important Insurers in Singapore

On 21 September 2023, the MAS published its framework for designating domestic systemically important insurers ("**D-SII**") and the inaugural list of four D-SIIs. Great Eastern Life has been designated as a D-SII under the D-SII framework which came into effect on 1 January 2024.

The focus of the D-SII framework is to identify insurers whose individual distress or disorderly failure, would cause significant disruption to Singapore's financial system and economic activity. Insurers whose failures are assessed to have a significant impact on the financial system and broader economy in Singapore will be formally designated as D-SIIs and subject to additional supervisory measures to address the negative externalities which they pose. The D-SII framework adopts an indicator-based approach based on four factors – size, interconnectedness, substitutability and complexity – to assess an insurer's systemic importance. The MAS will assess an insurer's systemic importance on an annual basis. A D-SII will be subject to more intensive supervision and additional policy measures which include, amongst others, higher capital requirements. In terms of capital requirements, a D-SII will be subject to a 25% capital surcharge,

which will increase a D-SII's higher and lower supervisory intervention levels, as well as Common Equity Tier 1 ("**CET1**") and Tier 1 capital requirements.

For recovery and resolution preparedness, the MAS has issued MAS Notice 134 on Recovery and Resolution Planning for Insurers ("**MAS Notice 134**") which will take effect on 1 January 2025. MAS Notice 134 sets out the requirements that a notified insurer will have to comply with in its recovery and resolution planning. This includes preparing a recovery plan in line with the requirements set out in MAS Notice 134 as well as maintaining information for the purposes of resolution planning, resolvability assessment and the conduct of resolution. The MAS has stated in the Response to Feedback Received on New Notice for Recovery and Resolution Planning for Insurers that the MAS only intends for the D-SIIs to be notified insurers for the purposes of MAS Notice 134 given their systemic impact.

Capital Requirements

A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital. A licensed insurer incorporated in Singapore must obtain the prior written approval of the MAS to reduce its paid-up ordinary share capital or redeem any preference share. Further, a licensed insurer which is incorporated in Singapore is required to notify the MAS of its intention to issue any preference share or certain instruments prior to the date of issue of the preference share or instrument.

The MAS issued the RBC 2 Review on 22 June 2012 followed by a second and third consultation paper on 26 March 2014 and 15 July 2016 respectively. First introduced in 2004, the risk-based capital framework:

(a) adopts a risk-focused approach to assessing capital adequacy and seeks to reflect the relevant risks that insurers face;

(b) prescribes minimum capital which serves as a buffer to absorb losses; and

(c) provides clearer information on the financial strength of insurers and facilitates early and effective intervention by MAS, where necessary.

The MAS has stated that the RBC 2 Review is not intended to result in a significant overhaul to the existing framework. Instead, it seeks to improve the comprehensiveness of the risk coverage and the risk sensitivity of the framework as well as define more specifically the MAS' supervisory approach with respect to the solvency intervention levels. The MAS has also stated that insurers in Singapore are well-capitalised and the objective of RBC 2 is therefore not to raise the industry's overall regulatory capital requirements, but to ensure that the framework for assessing capital adequacy is more aligned to an insurer's business activities and risk profiles. On 28 February 2020, the MAS concluded the RBC 2 Review by issuing the Insurance (Valuation and Capital) (Amendment) Regulations 2020 (which amend the existing Insurance (Valuation and Capital) Regulations 2004) and the new MAS Notice 133 on Valuation and Capital Framework for Insurers ("**MAS Notice 133**"). The Insurance (Valuation and Capital) (Amendment) Regulations 2020 and MAS Notice 133, which specify fund solvency requirements and capital adequacy requirements for a licensed insurer, came into effect on 31 March 2020. MAS Notice 133 was last updated on 8 December 2023 to reflect revisions in the illiquidity premium as part of the MAS regular review on the illiquidity premium calibration and credit spread movements.

According to the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133, a licensed insurer must at all times maintain its fund solvency requirement at the adjusted fund level and the capital adequacy requirement at the insurer level.

Under regulation 4(1) of the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133, the fund solvency requirement in respect of an insurance fund established and maintained by a licensed insurer under the Insurance Act is that the total assets of the fund must not at any time be less than the total liabilities of the fund. The fund solvency requirement of an adjusted fund is that the financial resources of the adjusted fund must not at any time be less than:

(a) the amount of the total risk requirement of the adjusted fund at the higher solvency intervention level, where the total risk requirement, also referred to as the prescribed capital requirements ("**PCR**"), are calibrated at 99.5% Value-at-Risk ("**VaR**") over a one year period; and

(b) the amount of the total risk requirement of the adjusted fund at the lower solvency intervention level, where the total risk requirement, also referred to as the minimum capital requirements ("**MCR**"), are determined at 90.0% VaR over a one year period. MCR is set as 50% of PCR.

An adjusted fund is:

(a) a participating fund established and maintained by a licensed insurer under the Insurance Act that relates to Singapore policies;

(b) a participating fund established and maintained by a licensed insurer under the Insurance Act that relates to offshore policies;

(c) the aggregate of the following insurance funds (if any) established and maintained by a licensed insurer under the Insurance Act that relate to Singapore policies:

  (i) a non-participating fund;

  (ii) an investment-linked fund; and

  (iii) a general fund; or

(d) the aggregate of the following insurance funds (if any) established and maintained by a licensed insurer under the Insurance Act that relate to offshore policies:

  (i) a non-participating fund;

  (ii) an investment-linked fund; and

  (iii) a general fund.

A licensed insurer is also required always to satisfy its capital adequacy requirement, which is that its financial resources must not at any time be less than:

(a) the higher of the following:

  (i) the amount of the total risk requirement of the licensed insurer at the higher solvency intervention level, where the total risk requirement, also referred to as the PCR, is calibrated at 99.5% VaR over a one year period; and

  (ii) S$5 million; and

(b) the higher of the following:

  (i) the amount of the total risk requirement of the licensed insurer at the lower solvency intervention level, where the total risk requirement, also referred to as the MCR, is determined at 90.0% VaR over a one year period. MCR is set as 50% of PCR; and

  (ii) S$5 million.

A licensed insurer must also ensure that at all times: (a) where it is an insurer incorporated in Singapore, the Common Equity Tier 1 ("**CET1**") Capital ratio which is determined as the ratio of the CET1 Capital over the sum of total risk requirements (excluding the risk requirements of participating funds) is not less than 60%; and (b) the Tier 1 Capital ratio which is determined as the ratio of the Tier 1 Capital over the sum of total risk requirements (excluding the risk requirements of participating funds) is not less than 80%.

The fund solvency requirement and capital adequacy requirement must be met at two supervisory solvency intervention levels, namely the higher solvency intervention level and the lower solvency intervention level. Each of the "financial resources" of an insurer and insurance fund, the "higher solvency intervention level", "lower solvency intervention level" and the "total risk requirement" is determined, and assets and liabilities are valued, in accordance with the requirements of the Insurance (Valuation and Capital) Regulations 2004, the MAS Notice 133 on Valuation and Capital Framework for Insurers, the MAS Guidelines on the Preparation of Actuarial Investigation Report and the MAS Guidelines on Use of Internal Models for Liability and Capital Requirements for Life Insurance Products Containing Investment Guarantees with Non-Linear Payouts, where applicable.

The total risk requirement of an adjusted fund of an insurer, or (in the case of a licensed insurer incorporated in Singapore) arising from assets and liabilities of an insurer that do not belong to any insurance fund established and maintained by the insurer under the Insurance Act (including assets and liabilities of any of the insurer's branches located outside Singapore) is to be calculated in accordance with MAS Notice 133 and currently comprises the following components:

(a) Component 1 (C1) requirement relating to insurance risks of the insurer's life and general businesses;

(b) Component 2 (C2) requirement relating to market risks, credit risks and risks arising from the mismatch, in terms of interest rate sensitivity and currency exposure, of the assets and liabilities of the insurer;

(c) the risk requirement relating to operational risk of the insurer as described in MAS Notice 133.

The total risk requirement of a licensed insurer is the aggregate of the total risk requirements of every adjusted fund of the insurer and, where the insurer is a licensed insurer incorporated in Singapore, the total risk requirement arising from assets and liabilities of the insurer that do not belong to any insurance fund established and maintained by the insurer under the Insurance Act (including assets and liabilities of any of the insurer's branches located outside Singapore).

In the case of a licensed insurer incorporated in Singapore, in determining the total risk requirement arising from assets and liabilities of an insurer that do not belong to any insurance fund established and maintained by the insurer under the Insurance Act, the value of such assets and liabilities (including that arising from insurance business) is to be determined in accordance with Parts IV and V of the Insurance (Valuation and Capital) Regulations 2004.

A licensed insurer is required to immediately notify the MAS when it becomes aware that the fund solvency requirement or the capital adequacy requirement is not satisfied or is not likely to be satisfied in accordance with Section 17(1) of the Insurance Act. The MAS has the authority to direct that the insurer satisfy fund solvency or capital adequacy requirements other than those that the insurer is required to maintain under the Insurance Act if the MAS considers it appropriate. The MAS also has the power to impose directions on the insurer, and direct the insurer to carry on its business in such manner and in accordance with such conditions as imposed by the MAS in the event that it is notified of any failure or likely failure, or is aware of any inability, of the insurer to comply with the fund solvency or capital adequacy requirements described above.

The MAS also has the general power to impose asset maintenance requirements.

Under Section 35 of the FHC Act, a DFHC is required to have a minimum paid-up ordinary share capital and capital funds of not less than the highest amount of the paid-up capital, which any of its subsidiaries that is a licensed insurer incorporated, formed or established in Singapore is required to hold under the Insurance Act, subject to any other amount as may be required by the MAS. In addition, a DFHC must obtain the prior written approval of the MAS to reduce its paid-up capital, or purchase or otherwise acquire shares issued by the DFHC if such shares are to be held as treasury shares.

On 15 November 2023, the MAS issued MAS Notice FHC-N 133 that applies to all DFHCs that have a subsidiary that is a licensed insurer incorporated, formed or established in Singapore. MAS Notice FHC-N133 sets out the valuation and capital requirements fora DFHC of a licensed insurer ("**DFHC (Licensed Insurer)**") based on the RBC 2 consolidation approach. MAS Notice FHC-N 133 comprises both mandatory requirements and guidelines on the capital adequacy requirement, valuation of assets and policy liabilities in respect of life business and general business, and the calculation of the total risk requirements and financial resources for a financial holding company group. MAS Notice FHC-N 133 came into effect on 1 January 2024.

Policy Owners' Protection Scheme

The SDIC administers the Policy Owners' Protection Scheme (the "**PPF Scheme**") in accordance with the Deposit Insurance and Policy Owners' Protection Schemes Act for the purposes of compensating (in part or whole) or otherwise assisting or protecting insured policy owners and beneficiaries in respect of the insured policies issued by PPF Scheme members and for securing the continuity of insurance for insured policy owners as far as reasonably practicable. PPF Scheme members essentially comprise direct insurers licensed to carry on life business under the Insurance Act (other than captive insurers) and direct insurers licensed to carry on general business under the Insurance Act (other than captive insurers or specialist insurers), in each case, which are not exempted from the requirement to be a PPF Scheme member.

There are two funds established under the PPF Scheme, namely the Policy Owners' Protection Life Fund (the "**PPF Life Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 16 of the Insurance Act by direct insurers licensed to carry on life business and the Policy Owners' Protection General Fund (the "**PPF General Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 16 of the Insurance Act by direct insurers licensed to carry on general business.

As PPF Scheme members, Great Eastern Life and GEG are required to pay a levy for any premium year or part thereof in respect of the insured policies issued by it. The levy rates for the purposes of computing the levies payable by PPF Scheme members are assessed and determined by the MAS. Where the MAS is of the opinion that there are insufficient moneys in the PPF Life Fund or the PPF General Fund, as the case may be, to pay any compensation due to insured policy owners or beneficiaries, or to fund any transfer or run-off of the insurance business of any failed PPF Scheme member under the Deposit Insurance and Policy Owners' Protection Schemes Act, the MAS may, with the concurrence of SDIC, require PPF Scheme members to pay additional levies for any premium year or part thereof and determine the levy rate(s) for the purposes of computing the additional levies.

On 7 December 2023, the MAS published the Consultation Paper on Proposed Enhancements to the Policy Owners' Protection Scheme in Singapore setting out recommendations to enhance the PPF Scheme. The proposals are aimed at enhancing the coverage of the PPF Scheme, simplifying its design and improving its operational efficiency. These proposals are part of MAS' regular reviews

to ensure that the PPF Scheme remains up to date with market developments. As part of the proposals, the MAS has provided clarifications pertaining to the coverage under the PPF Life Fund and the PPF General Fund as well as addressed issues relating to the operationalisation of the PPF Scheme under different payout scenarios. The MAS has also published proposals intended to align, where useful and practicable, with the DI Scheme. The MAS has stated that there will be a subsequent consultation on the legislative changes to the Deposit Insurance and Policy Owners' Protection Schemes Act to effect the proposals.

Major Stake and Investment Restrictions

Under Section 34 of the Insurance Act and Section 31 of the FHC Act, no licensed insurer that is established or incorporated in Singapore or DFHC shall acquire or hold, directly or indirectly, a major stake in any corporation without the prior approval of the MAS and any approval granted by the MAS may be subject to such conditions as determined by the MAS, including any condition relating to the operations or activities of the corporation. A "major stake" means:

(a) any beneficial interest exceeding 10% of the total number of issued shares (or, in the case of an umbrella VCC, either exceeding 10% of the total number of issued shares in the umbrella VCC that are not in respect of any of its sub-funds, or exceeding 10% of the total number of issued shares in the umbrella VCC in respect of any one of its sub-funds) or such other measure corresponding to shares in a corporation as may be prescribed by the MAS;

(b) control of over more than 10% of the voting power (or, in the case of an umbrella VCC, either more than 10% of the voting power in the umbrella VCC that is not in respect of any of its sub-funds, or more than 10% of the voting power in the umbrella VCC in respect of any one of its sub-funds) or such other measure corresponding to voting power in a corporation as may be prescribed by the MAS; or

(c) any interest in a corporation, where the directors of the company or VCC are accustomed or under an obligation, whether formal or informal, to act in accordance with the licensed insurer or DFHC's directions, instructions or wishes, or where the insurer or DFHC is in a position to determine the policy of the corporation.

However, Section 34 of the Insurance Act does not apply to the acquisition or holding of the prescribed interests set out in the Insurance (Prescribed Interests under Section 34(6)) Regulations 2023 which includes: (i) any interest acquired, directly or indirectly, using any policy asset of an insurance fund established and maintained under the Insurance Act by a direct insurer licensed to carry on life business for its participating policies; (ii) any interest held, directly or indirectly, as a policy asset of an insurance fund mentioned in sub-paragraph (i); (iii) any interest that is acquired, directly or indirectly, using any underlying asset of an insurance fund established and maintained under the Insurance Act by a direct insurer licensed to carry on life business for its investment-linked policies; (iv) any interest that is held, directly or indirectly, as an underlying asset of an insurance fund mentioned in sub-paragraph (iii).

Similarly, Section 31 of the FHC Act does not apply to any major stake in any company that is acquired or held indirectly through a DFHC's subsidiary, which is a licensed insurer incorporated, formed and established in Singapore if the licensed insurer has obtained MAS' approval under Section 34 of the Insurance Act to acquire or hold a major stake in the company or the acquisition or holding of a major stake by the licensed insurer in the company has been excluded from the operation of Section 34 of the Insurance Act. With the FHC Act entering into force, in accordance with Section 31(3) of the FHC Act, the approval of the MAS in respect of the acquisition or holding of major stakes held by Great Eastern Holdings is deemed to have been granted with effect from 1 July 2022 and is subject to the approval conditions set out by MAS.

Asset Management

MAS Notice 125 on Investments of Insurers sets out the basic principles that govern the oversight of investment activities of an insurer and the investments of its insurance funds, and in the case of an insurer that is incorporated or established in Singapore, the investments of both its insurance funds and its shareholders' funds. It contains requirements relating to, among other things, the oversight by the board of directors and senior management, the various reports to be made by the investment committee to the board of directors at the prescribed frequency, duties of the investment committee, asset-liability management and permitted derivatives activities. Appendix A of MAS Notice 125 sets out the main elements that have to be included in the written investment policy of an insurer. With effect from 1 January 2023, Appendix A of MAS Notice 125 was amended to include an additional element which will require an insurer to consider whether the formulation of a counterparty risk appetite statement will be necessary and the factors to take into account for such consideration. MAS Notice FHC-N125 on Investment Activities similarly sets out the requirements and principles that govern the DFHC of a licensed insurer's ("**DFHC (Licensed Insurer)**") oversight over the investment activities within the DFHC (Licensed Insurer) group, including the investments of any entity that is not regulated by the MAS within the FHC group. These requirements are similar to the requirements under MAS Notice 125.

MAS Notice 105 on Insurer's Appointment of Custodians, requires a licensed insurer to ensure that every custodian and, where applicable, sub-custodian, which holds any asset of its insurance fund established and maintained under Section 16 of the Insurance Act ("**insurance fund asset**"), is licensed, approved, registered or otherwise regulated for its business or activity of providing custodial services by the relevant authority in the jurisdiction where the respective custody account or sub-custody account is maintained. A licensed insurer must also ensure:

(a) that insurance fund assets held by a custodian or sub-custodian, as the case may be, are kept separate from the assets of the custodian or the sub-custodian, respectively;

(b) that the extent of the custodian's liability in the event of any loss caused by fraud, wilful default or negligence on the part of the custodian, its sub-custodians or its agents is agreed upon in writing with the insurer;

(c) that any material or systemic breach of the custody agreement between the custodian and the insurer must be brought to the insurer's attention as soon as possible; and

(d) that, except as agreed in writing with the insurer, a custodian or a sub-custodian, with whom the insurance fund assets are held in a custody account or subaccount, does not:

    (i) withdraw any of the insurance fund assets; or

    (ii) take any charge, mortgage, lien or other encumbrance over, or in relation to any of the insurance fund assets.

MAS Notice 320 on Management of Participating Life Insurance Business ("**MAS Notice 320**") requires a direct life insurer which has established or will be establishing a participating fund to put in place an internal governance policy on the management of its participating life insurance business. The internal governance policy must contain the items in Appendix A of MAS Notice 320 and must be approved by the board of directors of the insurer. The insurer must, among other things, ensure that the participating fund is managed in accordance with the rules and guiding principles set out in the internal governance policy.

Separate Insurance Funds

Every licensed insurer is required to establish and maintain a separate insurance fund (a) for each class of insurance business carried on by the insurer that (i) relates to Singapore policies and (ii) relates to offshore policies; (b) in the case of a direct insurer licensed to carry on life insurance business, for its investment-linked policies and for its non-investment-linked policies; and (c) if, in the case of a direct insurer licensed to carry on life insurance business, no part of the surplus of assets over liabilities from the insurer's non-participating policies is allocated by the insurer by way of bonus to its participating policies, in respect of its non-investment-linked policies (i) for its participating policies and (ii) for its non-participating policies.

MAS Notice 101 on Maintenance of Insurance Funds and MAS Guidelines on Implementation of Insurance Fund Concept provide further guidance and requirements on, among other things, the establishment and maintenance of insurance funds and the segregation of the assets of licensed insurers in Singapore as required under the Insurance Act. The Insurance Act also prescribes requirements relating to, among other things, withdrawals from the insurance funds, and insurance funds consisting wholly or partly of participating policies.

All receipts of the insurer properly attributable to the business to which an insurance fund relates (including the income of the fund) must be paid into that fund, and the assets in the insurance fund shall apply only to meet such part of the insurer's liabilities and expenses as is properly so attributable.

Reinsurance

MAS Notice 114 on Reinsurance Management sets forth the mandatory requirement for direct insurers to submit annual returns pertaining to their outward reinsurance arrangements and exposures to their top 10 reinsurance counterparties as well as the guiding principles relating to the oversight of the reinsurance management process of insurers (which includes the principle that the board of directors and senior management of an insurer should develop, implement and maintain a reinsurance management strategy appropriate to the operations of the insurer to ensure that the insurer has sufficient resources to meet obligations as they fall due), the classification of a contract as a reinsurance contract, and the assessment of significant insurance risk transfer. In addition, the MAS has issued MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities (as last revised on 10 January 2024) (the "**Insurance Business Guidelines**"), which provide further guidance on risk management practices in general, relating to, among other things, reinsurance management.

Regulation of Products

A direct insurer licensed to carry on life business may only issue a life policy or a long-term accident and health policy if the premium chargeable under the policy is in accordance with rates fixed with the approval of an appointed actuary or, where no rates have been so fixed, is a premium approved by the actuary.

A direct life insurer is required under MAS Notice 302 on Product Development and Pricing ("**MAS Notice 302**") to exercise prudent management oversight on the pricing and development of insurance products and investment-linked policy sub-funds, and to, before offering certain new products, either obtain the approval of, or notify, the MAS, as the case may be. Such request for approval or notification shall include information on, among other things, the tables of premium rates. MAS Notice 302 also sets forth prohibited payout features and requirements relating to disclosure to policyholders and persons entitled to payment of the policy moneys under a policy who have exercised a certain settlement option. MAS Notice 302 has been amended to take into account the approval requirements which apply to the Direct Purchase Insurance Products ("**DPIs**"). In relation to DPIs, the MAS issued MAS Notice 321 on Direct Purchase Insurance Products ("**MAS**

Notice 321") on 13 May 2016 which imposes specific obligations on a direct life insurer in respect of DPIs and also requires insurers to obtain written approval from the MAS before offering any new or re-priced DPI for sale to the public. On 19 March 2021, amendments were made to MAS Notice 302 and 321 to replace the hardcopy submission requirements for new or revised products, including DPIs with electronic submission (via email) requirements.

In addition, in the Insurance Business Guidelines, further guidance on risk management practices relating to the core activities of an insurer in relation to product development, pricing, underwriting, claims handling and reinsurance management have been set out.

There are also mandatory requirements and non-mandatory standards which would apply under MAS Notice 307 on Investment-Linked Policies to investment-linked policies relating to, among other things, disclosure, investment guidelines, borrowing limits and operational practices. Licensed insurers are required to provide for a free-look period for life policies, and accident and health policies with a duration of one year or more. On 28 June 2021, amendments were made to MAS Notice 307 on the Investment-Linked Policy's ("**ILP**") fees and charges and came into effect on 1 July 2021. For any ILP that is issued on or after 8 October 2021, an insurer shall:

(a) consolidate the fees and charges, other than charges for insurance coverage, that are imposed upfront, where such fees or charges are deducted from premiums that are paid on the ILP or deducted via a cancellation of units in an ILP sub-fund ("upfront deductions");

(b) disclose the upfront deductions as a single charge, and term it as a "premium charge" in any such disclosure that the insurer is required by the MAS to make or when referring to it in an advertisement or any other communication made to policyholders; and

(c) not use the term "premium allocation rate" in any such disclosure that the insurer is required by the MAS to make or when referring to it in any advertisement.

Market Conduct Standards

MAS Notice 306 on Market Conduct Standards for Life Insurers Providing Financial Advisory Services as Defined under the Financial Advisers Act ("**MAS Notice 306**") imposes certain requirements on direct life insurers which provide financial advisory services under the FAA relating to, among other things, training and competency requirements, prohibition against subsidised loans to representatives out of life insurance funds, establishing a compliance unit, taking disciplinary action against representatives for misconduct, and allocation/non-allocation of income and expenses to the life insurance funds. With effect from 22 February 2021, MAS Notice 306 was amended and an insurer is no longer required to submit information on its provision of financial advisory services annually to the MAS.

MAS Notice 318 on Market Conduct Standards for Direct Life Insurer as a Product Provider ("**MAS Notice 318**") also imposes certain requirements on direct life insurers as product providers of life policies relating to, among other things, standards of disclosure and restrictions on the sales process and the replacement of life policies.

The MAS has also issued the Guidelines on the Online Distribution of Life Policies with No Advice (the "**Distribution Guidelines**") which applies to all direct life insurers. The Distribution Guidelines (last revised on 26 March 2024) sets out the MAS' expectations on the safeguards that direct life insurers should put in place for the online distribution of life policies without the provision of advice.

MAS Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General Insurers ("**MAS Notice 211**") requires direct general insurers to only enter into insurance contracts arranged by agents or staff with requisite registration and minimum qualification requirements (unless exemptions apply), and requires direct general insurers to ensure that staff of certain agents who sell

or provide sales advice on the insurers' products are adequately trained and that front-end operatives meet the qualification requirements (unless exemptions apply) before they are allowed to provide sales advice on or sell general insurance products or handle claims. MAS Notice 211 was also revised as of 6 July 2015 to (among other things) clarify that the requirements similarly apply to outsourced claims handlers, with the amendments taking effect on 20 July 2015. MAS Notice 211 was further revised as of 28 October 2021 to (among other things) exempt trade specific agents from minimum academic qualifications requirement and to include additional accepted qualifications in Annex 1 of MAS Notice 211.

Non-mandatory best practice standards apply to direct general insurers to implement training and competency plans for front-end operatives. The MAS Guidelines on Market Conduct Standards and Service Standards for Direct General Insurers set out the standards of conduct expected of direct general insurers as product providers of insurance policies.

In respect of health insurance products, direct insurers must ensure, among other things, that any individual employed by them or who acts as their insurance agent or appointed representative pass the examination requirements specified in MAS Notice 117 on Training and Competency Requirement: Health Insurance Module (unless exemptions apply) and are prohibited from accepting business in respect of any health insurance product from any individual whom they employ or who acts as their insurance agent and who has not met such requirements. MAS Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products ("**MAS Notice 120**") sets out both mandatory requirements and best practice standards on the disclosure of information and provision of advice to insureds for accident and health policies and life policies that provide accident and health benefits. In 2015, the MAS reviewed the regulatory framework for accident and health insurance products and amended MAS Notices 117 and 120. The changes largely pertain to Medisave-approved Integrated Shield Plans but extend in part to all accident and health policies. The changes include enhanced disclosure requirements, stronger protection measures for policyholders, and improved quality of conduct of intermediaries selling accident and health insurance. Amendments were made to MAS Notice 120 to grant a temporary exemption of paragraph 24A thereof (i.e. no closure of sale of any Medisave-approved policy over the telephone) for the period from 13 April 2020 to 30 September 2022. On 2 February 2024, the MAS issued a Consultation Paper on Proposals to Simplify Requirements and Facilitate Access to Simple and Cost-Effective Insurance Products proposing to allow financial institutions to collect a reduced set of client information when making recommendations on selected life of long-term accident and health insurance policies in accordance with the rules of thumb in the Basic Financial Planning Guide subject to certain safeguards. The proposal seeks to promote the adoption of the Basic Financial Planning Guide by the financial advisory industry, and enable consumers to more easily purchase simple and cost-effective insurance policies to meet their needs which can help narrow insurance protection gaps in Singapore. To implement the proposal, MAS is proposing to amend MAS Notice 120 to set out an exemption for financial institutions which make recommendations on insurance policies made in accordance with the Basic Financing Planning Guide from the full information collection requirements currently set out in MAS Notice 120, subject to certain safeguards.

MAS Notice 320 on Management of Participating Life Insurance Business ("**MAS Notice 320**") requires a direct life insurer to comply with certain disclosure requirements for product summaries, and annual bonus updates, in relation to its participating policies. On 16 November 2020, MAS Notice 320 was amended to implement proposals relating to insurers' charging of expenses to the participating fund and to allow insurers to send its policy owner the annual bonus update in electronic form unless the policy owner specifically requests for hardcopy.

The Insurance (Remuneration) Regulations 2015, which came into force on 1 January 2016, set out certain requirements in connection with the payment of remuneration in relation to the provision of any financial advisory service in connection with any life policy, or the sale of any life policy following the provision of any financial advisory service.

The MAS implemented financial advisory industry review ("**FAIR**") initiatives such as a web aggregator, which allows consumers to compare life insurance products from various companies using a web portal, and direct channel purchase in April 2015. The re-issuance of MAS Notice 322 on Information to be Submitted Relating to the Web-Aggregator took effect on 1 January 2016, specifically detailing the information required to be submitted for the purposes of the web-aggregator. On 27 November 2023, MAS Notice 322 was amended to reflect that information for the purposes of the web-aggregator will have to be submitted through compareFIRST Insurer Facilitator.

Various industry codes of practice also apply to insurers, including codes/guidelines issued by the Life Insurance Association of Singapore ("**LIA**") and the General Insurance Association of Singapore ("**GIA**").

In addition, there are rules in the Insurance Act and the relevant regulations, notices, guidelines and circulars relating to the granting of loans, advances and credit facilities by insurers, which insurers have to comply with if they conduct such activities.

Under Section 60(1) of the FHC Act, the MAS may give directions or impose requirements on or relating to the operations or activities of, or the standards to be maintained by, the DFHC.

Corporate Governance

All direct insurers which are incorporated in Singapore (other than marine mutual insurers) are subject to the Insurance (Corporate Governance) Regulations 2013. Among other things, these regulations require an insurer which is established or incorporated in Singapore and in the case of a:

(a) direct life insurer, whose latest annual audited statement of financial position shows that it has total assets of at least S$5 billion or its equivalent in any foreign currency;

(b) direct general insurer or a reinsurer, whose latest annual audited statement of profit and loss shows that it has gross premiums of at least S$500 million or its equivalent in any foreign currency in its insurance funds and Overseas (Branch) Operations (defined as the income and outgoings of the operations of all branches of the insurer located outside Singapore); and

(c) direct composite insurer, who satisfies the requirements in (a) above in respect of its total assets or in (b) above in respect of gross premiums for its general business,

(each a "**Tier 1 insurer**") to, subject to certain exceptions, have a board of directors comprising at least a majority of directors who are "independent directors", establish various committees with prescribed responsibilities, and obtain the MAS' prior approval for the appointment of the members of the nominating committee, chief financial officer and chief risk officer. "Independent directors" are directors who are independent from any management and business relationship with the insurer and from any substantial shareholder of the insurer and who have not served on the board of directors of the insurer for a continuous period of nine years or longer. Great Eastern Life and GEG are both Tier 1 insurers.

The Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022 (the "**DFHC (Licensed Insurer) Corporate Governance Regulations**"), which apply to a DFHC (Licensed Insurer) such as Great

Eastern Holdings, set out similar corporate governance requirements. A DFHC (Licensed Insurer) which:

(a) holds, directly or indirectly, any share in one or more insurance companies carrying on life business, and the consolidated total assets of the FHC group of the DFHC (Licensed Insurer) is S$20 billion or more in value or its equivalent in any foreign currency;

(b) all insurance companies in the FHC Group of the DFHC (Licensed Insurer) carry on only general business, and the consolidated total gross premium of the FHC group of the DFHC (Licensed Insurer) is S$2 billion or more in value or its equivalent in any foreign currency; or

(c) the DFHC (Licensed Insurer) has at least one subsidiary that is a Tier 1 insurer;

will be considered a Tier 1 DFHC (Licensed Insurer). Great Eastern Holdings is a Tier 1 DFHC (Licensed Insurer). A Tier 1 DFHC (Licensed Insurer) is, subject to certain exceptions, required to have a board of directors comprising at least a majority of directors who are "independent directors" and to establish various committees whose composition is in line with the requirements under the DFHC (Licensed Insurer) Corporate Governance Regulations. In addition, a DFHC (Licensed Insurer) is subject to MAS Notice FHC-N106 Appointment of Director, Chairperson, Member of Nominating Committee, and Key Executive Person which sets out the requirements and guidelines for all DFHC (Licensed Insurer) to seek MAS approval for the appointment of any director, chairperson or key executive person, notify MAS of any additional directorship or key executive person role taken up by a key executive person, and ensure that the proposed appointees for the appointment of directors and key executive persons are fit and proper to fulfil their roles and responsibilities.

Direct insurers that are incorporated in Singapore, as well as all DFHCs, are subject to the MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore.

Asset and Liability Exposures

MAS Notice 122 on Asset & Liability Exposures for Insurers ("**MAS Notice 122**") sets forth various asset and liability exposures reporting requirements and prescribes the form in which the relevant reports are to be made.

A licensed insurer is required to file, among other things, the following in their prescribed formats with the MAS (i) for each quarter, the breakdown of equity securities, breakdown of debt securities, breakdown of loans, breakdown of cash and deposits, breakdown of derivatives, turnover volume of derivatives, breakdown of foreign currency exposure for assets and liabilities and top 10 broker groups with the highest outstanding premiums due, and (ii) annually, the breakdown of assets managed by head office/parent/outsourced entity, breakdown of insurance exposure of Singapore Insurance General Fund, breakdown of insurance exposure of Offshore Insurance (Life and General) Fund and breakdown of assets held by custodian.

On 5 November 2021, the MAS issued a Consultation Paper on Proposed Changes to Notice 122 on Assets and Liabilities Exposures for Insurers and its Implementation proposing to remove certain reporting requirements on the Turnover Volume of Derivatives by Notional Principal Amount with a view to collect data on a risk proportionate basis, a restructuring in the manner which custodian information relating to equity, debt, loans, cash and deposits and derivatives are reported and the collection of additional information including those relating to the breakdown of underlying assets of collective investment schemes, investment-linked policies sub-funds, currency reserve and unit reserves of investment-linked business amongst others. The MAS has proposed that the enhanced data collected will be using a new platform called the Data Collection Gateway. On 27 May 2022,

the MAS published the Response to Feedback Received on Proposed Changes to Notice 122 on Assets and Liabilities Exposures for Insurers and its Implementation stating that it will simplify a number of the proposals in view of the feedback received (the "**Response Paper**"). On 30 November 2023, the MAS issued a revised MAS Notice 122 which has been amended in line with the responses set out in the Response Paper. The amendments to MAS Notice 122 took effect on 1 January 2024.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to insurers specifically and to financial institutions generally. The risk management guidelines which are of general application, and which apply to licensed insurers, provide guidance on sound risk management practices and cover credit, market, liquidity, operational, technology, internal controls and the role of a financial institution's Board of Directors and senior management.

MAS Notice 126 on Enterprise Risk Management ("**ERM**") for Insurers sets out ERM requirements and guidelines on how insurers are to identify and manage interdependencies between key risks, and how they are translated into management actions related to strategic and capital planning matters. With effect from 1 January 2023, MAS Notice 126 was amended to include new requirements for an insurer to identify and address concentration risk in its ERM framework, to perform stress testing on material counterparty exposures as part of the insurers' annual Own Risk and Solvency Assessment ("**ORSA**"), to perform macroeconomic stress testing and liquidity stress testing as part of their ORSA stress testing process and to establish a liquidity contingency funding plan setting out the strategy for addressing liquidity shortfalls. MAS Notice FHC-N126 similarly sets out the ERM requirements and guidelines which apply to a DFHC (Licensed Insurer) which includes establishing an ERM framework for the FHC group and performing the ORSA at the group level. The ORSA conducted at the group level must be performed at least annually. MAS Notice FHC-N126 was last revised on 29 April 2024 to require a DFHC (Licensed Insurer) to establish liquidity risk management processes as part of its ORSA.

MAS Notice 123 on Reporting of Suspicious Activities and Incidents of Fraud sets out requirements for insurers to report suspicious activities and incidents of fraud which are material to the safety, soundness or reputation of the insurer. The MAS has also issued the Guidelines on Risk Management Practices for Insurance Business – Insurance Fraud Risk (as last updated on 10 January 2024) (the "**Insurance Fraud Risk Guidelines**") setting out risk management practices to identify and mitigate insurers' exposure to the risk of insurance fraud. The Insurance Fraud Risk Guidelines sets out broad principles that should be embedded in a risk management framework established by the insurer covering strategy, organisational structure, policies and procedures for managing insurance fraud risk.

MAS Notice FSM-N03 (which took effect from 10 May 2024) on Technology Risk Management sets out requirements relating to technology risk management for licensed insurers. These include requirements for the insurer to have in place a framework and process to identify critical systems, to make all reasonable effort to maintain high availability for critical systems, to establish a recovery time objective of not more than four hours for each critical system, to notify the MAS of a system malfunction or IT security incident, which has a severe and widespread impact on the insurer's operations or materially impacts the insurer's service to its customers, to submit a root cause and impact analysis report to the MAS and to implement IT controls to protect customer information from unauthorised access or disclosure. These requirements were previously set out in MAS Notice 127 which was issued under the Insurance Act but has since been migrated with effect from 10 May 2024 under MAS Notice FSM-N03 which is issued under the FSM Act. Licensed insurers are also expected to observe and comply with the technology risk management principles and best practice standards set out in the TRM Guidelines.

MAS Notice FSM-N04 on Cyber Hygiene (which took effect from 10 May 2024) sets out cyber security requirements on securing administrative accounts, applying security patching, establishing baseline security standards, deploying network security devices, implementing anti-malware measures and strengthening user authentication. Similarly, MAS Notice FSM-N16 (which took effect from 10 May 2024) sets out cyber security requirements which apply to a DFHC (Licensed Insurer). These requirements in MAS Notice FSM-N04 were migrated from MAS Notice 127 issued under the Insurance Act, while the requirements under MAS Notice FSM-N16 were migrated from MAS Notice FHC-1119 issued under the FHC Act. Both notices have now been issued under the FSM Act.

Under the MAS Guidelines on Fit and Proper Criteria (FSG-G01), the following persons, among others, are required to be "fit and proper" persons: a substantial shareholder of a licensed insurer, a principal officer or director of a licensed insurer, a person having effective control of a licensed insurer, a person having control of a licensed insurer, an appointed actuary, a certifying actuary, and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the FAA. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

On 14 May 2021, MAS published a Consultation Paper on Proposals to Mandate Reference Checks proposing to require financial institutions to perform reference checks and respond to reference check requests, based on a set of minimum mandatory information within a specified period of time. This is intended to mitigate the risk of "rolling bad apples", where individuals who engage in misconduct in one firm, move on to another firm without disclosing their earlier misconduct to the prospective employer. The financial institutions which the MAS has proposed for the requirements to apply to includes licensed insurers. On 12 December 2023, the MAS published its Response to Feedback Received on Proposals to Mandate Reference Checks stating that it will proceed with the proposal to require all financial institutions in the categories listed in Annex A of the response paper (which includes licensed insurers) to conduct and respond to reference checks. In terms of the employees within scope, the MAS has said that this will be aligned with the scope of relevant functions under the harmonised and expanded power to issue prohibition orders under section 6 of the FSM Act but a risk-based approach will be adopted such that reference checks are only required on senior managers and material risk personnel performing relevant functions under section 6 of the FSM Act. In terms of implementation, the MAS intends to impose the requirements via Notices issued to the relevant financial institution to conduct and respond to reference checks on a minimum set of standardised information. The MAS has stated that it will be consulting on the draft Notices in due course.

Appointment of Chairman, Directors and Key Executive Persons

A licensed insurer established or incorporated in Singapore must, prior to appointing a person as its chairman, director or key executive person (such persons include the chief executive, deputy chief executive, appointed actuary, certifying actuary, chief financial officer of a Tier 1 insurer, chief risk officer of a Tier 1 insurer and such other person holding an appointment in the licensed insurer as may be prescribed), satisfy the MAS that the person is a fit and proper person to be so appointed and obtain the MAS' approval for the appointment. Without the prior written consent of the MAS, a licensed insurer which is established or incorporated in Singapore must not permit a person to act as its executive officer or director if the person, among other things, has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty, is an undischarged bankrupt, or had a prohibition order under the Insurance Act of Singapore, FAA or SFA made against him that remains in force, whether in Singapore or elsewhere.

MAS Notice 106 on Appointment of Director, Chairman and Key Executive Person ("**MAS Notice 106**") sets out mandatory requirements and guidelines relating to the appointment of a director, chairman and key executive person of a licensed insurer. In addition, MAS Notice 106 prescribes the application form for the appointment of directors, chairman and key executive persons, and the form for licensed insurers to notify the MAS of changes in the roles and responsibilities or reporting structure of directors and key executive persons.

MAS Notice 106 was amended on 24 September 2021 to remove the requirement for insurers to notify MAS of any proposed arrangement (including an arrangement resulting in a director or key executive person taking on additional executive officer position or directorship) relating to a director or key executive person at least one month before it takes effect, to allow insurers to notify MAS as soon as practicable in the event that it is not possible for the insurer to be aware of the additional appointment at least one month before it takes effect.

If at any time it appears to the MAS that (a) a key executive person, the chairman or a director of a licensed insurer which is established or incorporated in Singapore has failed to perform his functions or is no longer a fit and proper person to be so appointed and (b) it is necessary in the public interest or for the protection of policy owners of a licensed insurer, the MAS may direct the licensed insurer to remove the key executive person, chairman or director, as the case may be, from his office, appointment or employment.

Under Section 63 of the FHC Act and MAS Notice FHC-N106, a DFHC (Licensed Insurer) is required to seek MAS approval for the appointment of any director, chairperson, member of nominating committee (in the case of a Tier 1 DFHC (Licensed Insurer) or key executive person (defined to mean the chief executive, deputy chief executive, chief financial officer of a Tier 1 DFHC (Licensed Insurer) or chief risk officer of a Tier 1 DFHC (Licensed Insurer)) using a prescribed form at least one month before the proposed date of appointment. In addition, the DFHC (Licensed Insurer) is required to notify MAS of any additional directorship or key executive person role taken up by a key executive person and ensure that the proposed appointees for the appointment of directors and key executive persons are fit and proper to fulfil their roles and responsibilities.

Financial Reporting Requirements

The MAS Notice 129 on Insurance Returns (Accounts and Statements) ("**MAS Notice 129**") sets forth various reporting requirements and prescribes the form in which the relevant statements of account and other statements of a licensed insurer are to be made. On 15 March 2021, amendments were made to the Independent Auditor's Report and Independent Auditor's Supplementary Report in MAS Notice 129 to take into account revisions on the Singapore Standards on Auditing.

A licensed insurer is required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in the relevant appendix of MAS Notice 129, in the form and manner specified in such appendix.

Under MAS Notice FHC-N129, a DFHC (Licensed Insurer) is similarly required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in the relevant appendix of MAS Notice FHC-N129, in the form and manner specified in such appendix. On 7 December 2023, the MAS issued a revised MAS Notice FHC-N129 which sets out amendments to revise the reporting requirements for a DFHC (Licensed Insurer). The amendments, which are intended to take into account the valuation and capital requirements under MAS Notice FHC-N 133, took effect on 1 January 2024.

MAS Notice 318 requires direct life insurers to submit information on their businesses and sources of businesses to the MAS annually. MAS Notice 306 previously required direct life insurers to submit

information on their businesses to the MAS annually. This requirement has since been removed with effect from 22 February 2021.

Appointment of auditors

Under Section 39(1) of the FHC Act and Section 94(4) of the Insurance Act, a DFHC and licensed insurer (other than a captive insurer and a marine mutual insurer) are required to appoint an auditor annually for the purposes of preparing and lodging with the MAS the requisite statements of accounts and other statements relating to its business. No person shall act as auditor for a DFHC and licensed insurer unless, among other things, the insurer has obtained the approval of the MAS to appoint that person as an auditor.

Actuaries

Under Section 95(1) of the Insurance Act, a licensed insurer carrying on life and general business is also required, for each accounting period, to have an investigation made by an actuary approved by the MAS into the financial condition of each class of business that it carries on. Actuaries must be approved by the MAS. A direct insurer licensed to carry on life and general business shall have appointed an actuary and a certifying actuary, in each case, who is responsible for, among other things, reporting to the chief executive of the insurer on various matters including matters which in the actuary's opinion have a material adverse effect on the financial condition of the insurer in respect of its life or general business, or both, as the case may be. If the appointed actuary or certifying actuary, as the case may be, is of the opinion that the insurer has failed to take appropriate steps to rectify any matter reported by the actuary within a reasonable time, the actuary is required to immediately send a copy of his report to the MAS and notify the board of directors of the insurer that he has done so.

Public Disclosure

Licensed insurers are subject to MAS Notice 124 on Public Disclosure Requirements ("**MAS Notice 124**") which sets out requirements for an insurer to disclose relevant, comprehensive and adequate information on a timely basis in order to give a clear view of its business activities, performance and financial position. MAS Notice 124 requires an insurer to disclose quantitative and qualitative information on its profile, governance and controls, financial position, technical performance and the risks to which it is subject.

From 1 January 2023, the public disclosure requirements in MAS Notice 124 have been enhanced to require insurers to publicly disclose quantitative and qualitative information on liquidity risk, including quantitative information on sources and uses of liquidity (considering liquidity characteristics of both assets and liabilities), and qualitative information on liquidity risk exposures, management strategies, policies and processes. Insurers are also now required to publicly disclose quantitative and qualitative information on investment risk, including quantitative information on currency risk, market risk, credit risk and concentration risk, and qualitative information on the management of investment risk exposures, use of derivatives for hedging investment risks and internal policies on the use of derivatives.

Resolution Powers

Under the FSM Act, FHC Act and the Insurance Act of Singapore, the MAS has resolution powers in respect of Singapore licensed insurers and DFHC. Broadly speaking, the MAS has powers to (amongst other things) assume control of a DFHC and insurer, impose moratoriums, temporarily stay termination rights of counterparties, order compulsory transfers of business or shares and impose requirements relating to recovery and resolution planning.

The MAS has issued MAS Notice 134 on Recovery and Resolution Planning for Insurers ("**MAS Notice 134**") under section 51 of the FSM Act which sets out the requirements on recovery and resolution planning for insurers notified by the MAS and which will take effect on 1 January 2025.While MAS expects all insurers to have a recovery plan in place to identify actions that can be taken to restore its financial position and viability under situations of severe stress, the MAS focus will be on D-SIIs given their systemic impact. The notified insurers will therefore be the D-SIIs as a start. The recovery plan which a notified insurer will be required to prepare must include (a) a framework of recovery triggers that identifies the points at which appropriate recovery options may be taken; (b) an escalation process upon the occurrence of a trigger event, to facilitate prompt assessment of the impact, and decision on the appropriate course of action; (c) a menu of recovery options which are available in situations of severe stress to address capital shortfalls and liquidity pressures; and (d) a communication plan to ensure timely communication with internal and external stakeholders. The notified insurers will be required to review and test the feasibility and effectiveness of the recovery plan to ensure it remains relevant and up-to-date.

The MAS has also proposed to extend the statutory bail-in regime under the MAS Act (which has been migrated to the FSM Act with effect from 10 May 2024) to Singapore-incorporated licensed insurers and designated insurance holding companies. The statutory bail-in regime will be applied to equity instruments (except ordinary shares), unsecured subordinated liabilities and certain types of unsecured senior liabilities, issued or contracted after the effective date of the relevant legislative amendments specifying the bail-inable instruments for the insurance sector. In addition, the MAS has proposed to extend the restrictions on eligible instruments and disclosure requirements under the previous regulations 25 and 26 of the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018, as since migrated to regulations 30 and 31 of the RFI Regulations with effect from 10 May 2024, to the statutory bail-in regime for the insurance sector.

Inspection and Investigative Powers

The MAS' inspection and investigative powers are set out under Section 98 to Section 101 of the Insurance Act which allow the MAS to: (a) inspect, under conditions of secrecy, the books of a licensed insurer or any branch or subsidiary outside Singapore of a licensed insurer established or incorporated in Singapore or an insurance subsidiary; and (b) conduct any investigation that is considers necessary or expedient to perform their duties under the Insurance Act or to determine the truth of an alleged or suspected contravention of the Insurance Act or any direction issued under it.

On 2 July 2021, the MAS published the Consultation Paper on Proposed Amendments to MAS' Investigative and Other Powers under the Various Acts proposing amendments under the Financial Institutions (Miscellaneous Amendments) Bill (the "**FIMA Bill**") to various pieces of legislation including the Insurance Act. The proposals aim to enhance the MAS' evidence-gathering powers and to facilitate greater inter-agency coordination. Amongst the proposed amendments to the Insurance Act include granting the MAS the power to require any person to provide information for the purposes of investigation, requiring any person to appear for examination and allowing the MAS to enter premises without warrant and be able to transfer evidence between the MAS and other agencies.

On 16 February 2024, the MAS published its Response to Feedback Received on Proposed Amendments to MAS' Investigative and Other Powers under the Various Acts. The MAS has stated that it will be proceeding with the proposals to enhance the supervision and enforcement powers of the MAS under the relevant legislation and provided further clarification on the scope of application of the enhanced supervision and enforcement powers it will be able to exercise. The FIMA Bill was passed by the Singapore Parliament on 7 March 2024 and assented to by the

President on 22 March 2024 and is currently awaiting being brought into force (the "**FIMA Act**"). When the FIMA Act comes into effect, the MAS will have enhanced supervision and enforcement powers over licensed insurers.

In addition, when the remaining phases of the FSM Act come into effect (currently targeted to be in the second half of 2024), the newly-introduced harmonised and expanded power for the MAS to issue prohibition orders against persons who are not fit and proper from engaging in financial activities regulated by the MAS or performing any key roles of functions in the financial industry that are prescribed, in order to protect a financial institution's customers, investors or the financial sector, will broaden the categories of persons who may be subject to prohibition orders. These expanded powers will apply to persons working in insurers in Singapore.

Priority of liabilities in winding up

Section 123(1) of the Insurance Act provides that, where a licensed insurer becomes unable to meet its obligations or becomes insolvent, the assets of the licensed insurer, subject to Section 16(12) of the Insurance Act, must be available to meet all liabilities in Singapore of the licensed insurer specified in Section 123(3), including liabilities which are properly attributable to the business to which an insurance fund relates (the "**Specified Liabilities**"). The Specified Liabilities will have priority over all unsecured liabilities of the insurer, other than the preferential debts specified in Section 203(1) of the IRDA.

Under Section 123(3) of the Insurance Act, the Specified Liabilities are (and in the event of a winding up of an insurer will rank in the following order of priority notwithstanding the provisions of any written law or any rule of law relating to the winding up of companies):

(a) firstly, any levy due and payable by the licensed insurer under the Deposit Insurance and Policy Owners' Protection Schemes Act;

(b) secondly, protected liabilities incurred by the licensed insurer, up to the amount paid or payable out of any of the PPF Funds (i.e. the PPF Life Fund or the PPF General Fund) by SDIC under the Deposit Insurance and Policy Owners' Protection Schemes Act in respect of such protected liabilities and, if applicable, the amount paid or payable out of any of the PPF Funds by SDIC under the Deposit Insurance and Policy Owners' Protection Schemes Act to fund any transfer or run-off of the business of the licensed insurer or the termination of insured policies issued by the licensed insurer;

(c) thirdly, any liabilities incurred by the licensed insurer in respect of direct policies which are not protected under the Deposit Insurance and Policy Owners' Protection Schemes Act;

(d) fourthly, any liabilities incurred by the licensed insurer in respect of reinsurance policies;

(e) fifthly, any sum claimed by the trustee of a resolution fund (within the meaning of section 107 of the FSM Act) from the licensed insurer under Section 112, 113, 114 or 115 of the FSM Act.

As between Specified Liabilities of the same class referred to in sub-paragraphs (a) to (e) above, such Specified Liabilities rank equally between themselves and are to be paid in full unless the assets of the licensed insurer are insufficient to meet them in which case they are to abate in equal proportions between themselves.

AML/CFT Requirements

Licensed insurers in Singapore are subject to AML/CFT requirements which are both of general application and applies to all persons in Singapore as well as those of sectoral application which applies only to financial institutions in Singapore. The AML/CFT requirements which are of general application

are set out in the CDSA and TSOFA and applies to all persons in Singapore, including an insurer licensed in Singapore and a DFHC.

Separately, as a financial institution regulated by the MAS, an insurer licensed in Singapore as a life insurer is subject to AML/CFT requirements issued by the MAS which are of sectoral application. A life insurer such as Great Eastern Life is required to implement robust controls to detect and deter the flow of illicit funds through Singapore's financial system. The MAS has issued MAS Notice 314 (as last revised on 1 March 2022) on Prevention of Money Laundering and Countering the Financing of Terrorism – Life Insurers and their relevant guidelines which sets out the AML/CFT requirements applies to all direct life insurers in relation to their life policies. This includes performing customer due diligence on all customers before and after establishing business relations with any customer, conducting regular account reviews, performing record keeping and reporting any suspicious transactions to the Suspicious Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force.

In addition, the FSM Regulations issued by the MAS which give effect to targeted financial sanctions under the UNSCR will also apply to a life insurer and a DFHC. Broadly, the FSM Regulations require financial institutions to (a) immediately freeze funds, other financial assets or economic resources of designated individuals and entities; (b) not enter into financial transactions or provide financial assistance or services in relation to: (i) designated individuals, entities or items; or (ii) proliferation, nuclear or other sanctioned activities; and (iii) inform MAS of any fact or information relating to the funds, other financial assets or economic resources owned or controlled, directly or indirectly, by a designated individual or entity.

In response to Russia's invasion of Ukraine, the Singapore Government has imposed financial measures targeted at designated Russian banks, entities and activities in Russia, and fund-raising activities benefiting the Russian government. These measures apply to all financial institutions in Singapore including a life insurer and a DFHC. These financial measures are set out in MAS Notice SNR-N01 on Financial Measures in Relation to Russia and MAS Notice SNR-N02 on Financial Measures in Relation to Russia – Non-prohibited Payments and Transactions which were both published and took effect on 14 March 2022.

Outsourcing

Licensed insurers are subject to the MAS' Guidelines on Outsourcing (as last revised on 5 October 2018) which sets out the MAS' expectations of a financial institution that has entered into any outsourcing arrangement or is planning to outsource is business activities to a service provider. The Guidelines on Outsourcing requires a financial institution to enter into an outsourcing agreement with the service provider and for such outsourcing agreement to contain certain specified provisions including in relation to performance, operational, internal control and risk management standards, confidentiality and security, business continuity management, monitoring and control, notification of adverse developments, dispute resolution, default termination and early exit, sub-contracting as well as providing for audit and inspection rights.

On 11 December 2023, the existing MAS' Guidelines on Outsourcing were amended and renamed as the "Guidelines on Outsourcing (Financial Institutions other than Banks)". The updated Guidelines on Outsourcing (Financial Institutions other than Banks) will take effect from 11 December 2024. Amongst the amendments, include the removal of references to banks and merchant banks, the addition of an annex of "exempted outsourced services" and amendments relating to business continuity management.

Digital Advisory Services

On 8 October 2018, the MAS issued the Guidelines on Provision of Digital Advisory Services, which applies to all financial institutions (including licensed insurers) offering or seeking to offer digital advisory services in Singapore. Digital advisers seeking to offer their platforms to investors in Singapore will have to be licensed for fund management or dealing in capital markets products under the SFA and/or providing financial advisory services on investment products under the FAA.

The type of licensing depends on the operating model of the digital adviser. The Guidelines set out the MAS' expectations on the board of directors and senior management to address the risks posed covering governance and supervision of algorithms, and clarifies the applicability of existing requirements to digital advisers, such as those relating to technology risk management, prevention of money laundering and countering the financing of terrorism, suitability of advice, disclosure of information, applicability of the balanced scorecard framework, as well as advertisements and marketing.

Environment Risk Management

On 8 December 2020, the MAS issued the Guidelines on Environmental Risk Management for Insurers ("**ERM Guidelines**") which applies on a group basis for locally-incorporated insurers. The ERM Guidelines set out MAS' expectations on environmental risk management for all insurers and covers governance and strategy, risk management, underwriting, investment and disclosure of environmental risk information. The board of directors and senior management of the insurer is expected to maintain effective oversight of the insurer's environmental risk management and disclosure, including the policies and processes to assess, monitor and report such risk, and oversee the integration of the insurer's environmental risk exposures into the insurer's enterprise risk management framework. Insurers were given up to June 2022 to implement the expectations set out in the ERM Guidelines and demonstrate evidence of implementation progress.

On 18 October 2023, the MAS published the Consultation Paper on Guidelines on Transition Planning (Insurers) setting out MAS' proposed Guidelines on Transition Planning to supplement the ERM Insurer Guidelines and provide additional granularity in relation to insurers' transition planning processes. Transition planning for insurers refers to the internal strategic planning and risk management processes undertaken to prepare for both risks and potential changes in business models associated with the transition. The proposed Guidelines on Transition Planning (Insurers) (the "**Insurer TPG**") sets out the MAS expectation for insurers to have a sound transition planning process to enable effective climate change mitigation and adaptation measures by their customers in the global transition to a net zero economy and the expected physical effects of climate change. It is proposed that the Insurer TPG will be applicable to insurers providing insurance coverage to corporate customers, insurer's underwriting and investment activities as well as any other activities that expose the insurer to material environmental risk. For locally-incorporated insurers, the Insurer TPG will be applicable on a group basis.

Individual Accountability and Conduct

With effect from 10 September 2021, financial institutions regulated by the MAS should implement appropriate policies and processes to achieve five accountability and conduct outcomes ("**Outcomes**") set out in the MAS Guidelines on Individual Accountability and Conduct issued on 10 September 2020. These five Outcomes and the specific guidance underpinning each Outcome aim to reinforce financial institutions' responsibilities in the following three key areas:

(a) to promote the individual accountability of senior managers;

(b) to strengthen oversight over material risk personnel; and

(c) to reinforce conduct standards among all employees.

Fair Dealing

As an exempt financial adviser, Great Eastern Life is subject to the Guidelines on Fair Dealing – Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers (the "**Fair Dealing Guidelines**") which applies to the selection, marketing and distribution of investment products, which includes life insurance policies. The Fair Dealing Guidelines set out the responsibilities of the board of directors and senior management for delivering fair dealing outcomes to customers.

The Fair Dealing Guidelines sets out five fair dealing outcomes which financial institutions should aim to achieve as well as practical steps which financial institutions can implement for this purpose. These five fair dealing outcomes are:

(a) Outcome 1: Customers have confidence that they deal with financial institutions where fair dealing is central to the corporate culture.

(b) Outcome 2: Financial institutions offer products and services that are suitable for their target customer segments.

(c) Outcome 3: Financial institutions have competent representatives who provide customers with quality advice and appropriate recommendations.

(d) Outcome 4: Customers receive clear, relevant and timely information to make informed financial decisions.

(e) Outcome 5: Financial institutions handle customer complaints in an independent, effective and prompt manner.

On 14 December 2022, the MAS published a Consultation Paper on Revisions to Guidelines on Fair Dealing – Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers proposing to widen the scope of its application to include all products and services offered by all financial institutions to their customers. The MAS has also proposed to incorporate key principles and guidance on fair treatment of customers at various stages of the customer journey to strengthen financial institutions fair dealing practices. These key principles are (i) transparency; (ii) consideration of customer interests; and (iii) accountability and product governance and will be applicable to all products and services offered by all financial institutions.

Proposed amendments to the Insurance Act

The MAS has on 4 November 2022 published a Consultation Paper on Amendments to the Insurance Act and the Insurance (Intermediaries) Regulations proposing amendments to the Insurance Act to take into account regulatory and market developments, as well as to align where appropriate, the regulatory framework for insurance with other financial activities regulated by the MAS (the "**IA Consultation Paper**"). The MAS has proposed to introduce a policy to regulate the conduct of and investment in insurance and non-insurance businesses by insurers in Singapore (the "**anti-commingling policy**"). The anti-commingling policy is intended to ensure insurers remain focused on their core insurance business and competencies and to avoid potential contagion from the conduct of non-insurance businesses. The general thrust of the anti-commingling policy will be to prohibit insurers from: (a) directly undertaking businesses other than insurance business and permissible businesses; (b) using or sharing their names, logos or trademarks on or with physical infrastructure or any other entities; and (c) acquiring or holding a major stake in any corporation with the prior approval of the MAS. The MAS has also proposed to introduce powers in the Insurance Act to strengthen its oversight of outsourcing arrangements of insurers and to require insurers to restitute their insurance funds for participating and investment-linked policies. On 20 March 2024, the MAS published the Response Paper to the IA

Consultation Paper stating that the MAS will, where appropriate, incorporate the feedback received on the proposals into the amendments that will be made to the Insurance Act 1966 and the Insurance (Intermediaries) Regulations, and that they will consult on the proposed amendments wordings for both statutory instruments at a later stage."

SCHEDULE 2

TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE PERPETUAL CAPITAL SECURITIES

Conditions 6(b), 6(d) and 6(e) of the section "**TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE PERPETUAL CAPITAL SECURITIES**" beginning on page 141 of the Offering Memorandum shall be deleted in their entirety (including the sub-headers) and substituted therefor with the following:

"

(b) **Write-off on a Trigger Event:**

(i) If "Write-off" is specified as the Loss Absorption Option in the applicable Pricing Supplement for any Subordinated Notes and if a Trigger Event occurs, the Issuer shall, upon the issue of a Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the holders of any Subordinated Notes, procure that the Registrar shall reduce the principal amount and cancel any accrued but unpaid interest of each Subordinated Note (in whole or in part) by an amount equal to the Trigger Event Write-off Amount per Subordinated Note (a "**Write-off**", and "**Written-off**" shall be construed accordingly). Once any principal or interest under a Subordinated Note has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue. No Noteholder may exercise, claim or plead any right to any Trigger Event Write-off Amount, and each Noteholder shall be deemed to have waived all such rights to such Trigger Event Write-off Amount. For the avoidance of doubt, any Write-off in accordance with this Condition 6 shall not constitute a Default (as defined below).

(ii) If a Trigger Event Notice has been given in respect of any Subordinated Notes in accordance with this Condition 6(b), transfers of any such Subordinated Notes that are the subject of such notice shall not be permitted during the Suspension Period. From the date on which a Trigger Event Notice in respect of any Subordinated Notes in accordance with this Condition 6(b) is issued by the Issuer to the end of the Suspension Period, the Trustee and the Registrar shall not register any attempted transfer of any Subordinated Notes and such an attempted transfer will not be effective.

(iii) Any reference in these Conditions to principal in respect of the Subordinated Notes shall refer to the principal amount of the Subordinated Note(s), reduced by any applicable Write-off(s).

Any Write-off of Subordinated Notes or any cancellation, modification, conversion or change in form as a result of the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act is subject to the availability of procedures to effect the Write-off in the relevant clearing systems. For the avoidance of doubt, however, any Write-off of any Subordinated Notes, or the giving of effect of a Bail-in Certificate with respect to the Issuer, under this Condition 6 will be effective upon the date that the Issuer specifies in the Trigger Event Notice or in the notice of issue of a Bail-in Certificate (or as may otherwise be notified in writing to Subordinated Noteholders, the Trustee and Agents by the Issuer) notwithstanding any inability to operationally effect any such Write-off or cancellation, modification, conversion or change in form as a result of the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act in the relevant clearing system(s).

(d) **Bail-in Power in respect of Subordinated Notes:**

Notwithstanding any other term of the Subordinated Notes, including without limitation Condition 6(b), or any other agreement or arrangement, the Subordinated Notes may be subject to cancellation, modification, conversion, change in form, or have the effect as if a right of modification, conversion, or change of form had been exercised by the MAS in the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act without prior notice. The Trustee (on behalf of the holders of Subordinated Notes) and each holder of a Subordinated Note shall be subject, and shall be deemed to agree, to be bound by and acknowledge that they are each subject to, having the Subordinated Notes being the subject of the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act. Further, the Trustee (on behalf of the holders of Subordinated Notes) and each holder of a Subordinated Note shall be deemed to agree to be bound by a Bail-in Certificate.

The rights of the holders of Subordinated Notes and the Trustee (on behalf of the holders of Subordinated Notes) under the Subordinated Notes and these Conditions are subject to, and will be amended and varied (if necessary), solely to give effect to, the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act.

No repayment of any outstanding principal amount of any Subordinated Notes or payment of any interest on any Subordinated Notes shall become due and payable or be paid after the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer.

Upon the issue of a Bail-in Certificate with respect to the Subordinated Notes, the Issuer shall provide written notice of such Bail-in Certificate to the holders of Subordinated Notes and the Trustee in accordance with Condition 16 not more than two Business Days after the issue of such Bail-in Certificate.

Neither the cancellation, modification, conversion or change in form of the Subordinated Notes as a result of the exercise of the MAS's powers under Division 6 of Part 8 of the FSM Act with respect to the Issuer or the Subordinated Notes shall constitute a Default under Condition 10(b).

(e) **Definitions**

In this Condition 6:

"**Bail-in Certificate**" means a bail-in certificate issued pursuant to Section 84(1) of the FSM Act;

"**Common Equity Tier 1 Capital**" means:

(i) any security issued by the Issuer; or

(ii) any other similar instrument issued by any subsidiary of the Issuer, that, in each case, constitutes Common Equity Tier 1 Capital of the Issuer, on an unconsolidated basis, pursuant to the relevant requirements set out in MAS Notice 637;

"**FSM Act**" means the Financial Services and Markets Act 2022 of Singapore, as amended;

"**Loss Absorption Option**" means such loss absorption option as may be specified in the applicable Pricing Supplement in respect of any Subordinated Notes;

"**Trigger Event**" means the earlier of:

(i) MAS notifying the Issuer in writing that it is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and

(ii) a decision by MAS to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by MAS;

"**Trigger Event Notice**" means the notice specifying that a Trigger Event has occurred, which shall be issued by the Issuer not more than two Business Days after the occurrence of a Trigger Event to the holders of the Subordinated Notes, the Trustee and the Issuing and Paying Agent in accordance with Condition 16 and which shall state with reasonable detail the nature of the relevant Trigger Event and, if applicable, specify, as applicable (A) the Trigger Event Write-off Amount per Subordinated Note to be Written-off or (B) details of any conversion consistent with any mechanics specified in the applicable Pricing Supplement. For the purposes of this definition, a Trigger Event Notice shall be deemed to be delivered on a Business Day if it is received by the Trustee at its principal place of business and by the Issuing and Paying Agent and the Registrar at their respective specified offices during normal business hours; and

"**Trigger Event Write-off Amount**" means the amount of interest and/or principal to be Written-off, as the MAS may direct, or as the Issuer (in accordance with the MAS) determines is required to be Written-off for the Trigger Event to cease to continue. For the avoidance of doubt, the Write-off will be effected in full even in the event that the amount Written-off is not sufficient for the Trigger Event to cease to continue."

SCHEDULE 3

FIRST-QUARTER TRADING UPDATE

FOR THE THREE MONTHS/ FIRST QUARTER ENDED 31 MARCH 2024

PRESENTATION OF FINANCIAL INFORMATION

On 10 May 2024, OCBC published its "Trading Update" that included certain of its unaudited consolidated financial results for the three months/first quarter ended 31 March 2024 (the "**First-quarter Trading Update**"). The First-quarter Trading Update is included hereto as Schedule 3.

The First-quarter Trading Update has not been audited, reviewed or subject to any other procedures by the auditors of the Issuer.

First Quarter 2024 Results Press Release

OCBC Group First Quarter 2024 Net Profit Rose 22% from the Previous Quarter to a Record S$1.98 billion

Singapore, 10 May 2024 – Oversea-Chinese Banking Corporation Limited ("OCBC") reported net profit of S$1.98 billion for the first quarter of 2024 ("1Q24"), 22% higher than S$1.62 billion in the previous quarter ("4Q23"), and 5% above S$1.88 billion a year ago ("1Q23").

The Group's resilient quarter-on-quarter performance was driven by total income rising to a new quarterly high, strict cost discipline and lower allowances. Income growth outpaced the increase in operating expenses, which drove an improvement in cost-to-income ratio ("CIR") to 37.1%, while credit costs decreased to 16 basis points. Loans grew 1% and asset quality was sound with non-performing loan ("NPL") ratio steady at 1.0%. The Group's capital, funding and liquidity positions remained robust, providing flexibility to support business growth and handle uncertainties. Return on equity climbed to 14.7% and earnings per share was higher at S$1.76, on an annualised basis.

1Q24 Performance Highlights

Group Net Profit	**S$1.98b**	**+5% YoY** **+22% QoQ**
Banking Operations Net Profit	**S$1.72b**	**+3% YoY** **+15% QoQ**
EPS *(annualised)*	**S$1.76**	**+5% YoY** **+24% QoQ**
ROE *(annualised)*	**14.7%**	**unchanged YoY** **+2.3ppt QoQ**

		YoY	*QoQ*
Total Income	**S$3.63b**	+8%	+11%
Net Interest Income	*S$2.44b*	*+4%*	*-1%*
Non-Interest Income	*S$1.19b*	*+17%*	*+47%*
Operating Expenses	**S$1.35b**	+8%	+3%
Net Interest Margin	**2.27%**	-3bps	-2bps
Credit Costs	**16bps**	+4bps	-5bps
Customer Loans	**S$301b**	+2%	+1%
		(in constant currency terms)	
Customer Deposits	**S$370b**	+1%	+2%
NPL Ratio	**1.0%**	-0.1ppt	unchanged
CET1 CAR	**16.2%**	+0.3ppt	+0.3ppt
All-ccy LCR	**146%**	-6ppt	+1ppt

First Quarter 2024 Performance

S$ million	1Q24	1Q23	*YoY (%)*	4Q23	*QoQ (%)*
Net interest income	**2,437**	2,338	*4*	2,462	*(1)*
Non-interest income	**1,189**	1,012	*17*	811	*47*
of which: Fees and commissions	***479***	*453*	*6*	*460*	*4*
Trading income	***370***	*255*	*45*	*222*	*67*
Income from life and general insurance	***289***	*238*	*21*	*88*	*227*
Total income	**3,626**	3,350	*8*	3,273	*11*
Operating expenses	**(1,346)**	(1,244)	*8*	(1,310)	*3*
Operating profit before allowances	**2,280**	2,106	*8*	1,963	*16*
Allowances	**(169)**	(110)	*53*	(187)	*(9)*
Amortisation, tax and NCI	**(384)**	(377)	*2*	(343)	*12*
Associates	**255**	260	*(2)*	189	*35*
Group net profit	**1,982**	1,879	*5*	1,622	*22*
Group ROE – *annualised*	**14.7%**	14.7%	–	12.4%	*+2.3ppt*

1Q24 Quarter-on-Quarter Performance

Group net profit rose 22% to S$1.98 billion, underpinned by record total income, well-controlled costs and lower allowances.

- Net interest income was S$2.44 billion, 1% below 4Q23's record level, largely due to the effect of a comparatively shorter quarter. On a day-adjusted basis, net interest income was steady against the preceding quarter. Average assets grew by 1%, which largely compensated for a 2 basis-point moderation in net interest margin ("NIM") to 2.27% as a rise in asset yields was outpaced by higher funding costs.
- Non-interest income rebounded by 47% to S$1.19 billion.
  - Net fee income was S$479 million, 4% above the prior quarter. This was largely driven by an increase in wealth management, brokerage and fund management fees on the back of a rise in customer activities, as well as higher investment banking fees.
  - Net trading income surged 67% to a new high, underpinned by record customer flow treasury income as well as improved non-customer flow treasury income.
  - Insurance income was S$289 million, significantly higher as compared to S$88 million in 4Q23, supported by better investment performance and improvement in claims experience. Total weighted new sales grew 2% quarter-on-quarter to S$524 million, driven by higher single premium sales in Singapore, while new business embedded value ("NBEV") was S$163 million.
- The Group's wealth management income, comprising income from insurance, private banking, premier private client, premier banking, asset management and stockbroking, was a record S$1.29 billion, 33% above the previous quarter and contributed 36% to the Group's total income. Group wealth management AUM was S$273 billion, up 4% from S$263 billion in the previous quarter.

- Operating expenses were S$1.35 billion, up 3% from a quarter ago, driven by higher staff costs from increase in variable compensation associated with income growth. The rise in expenses was outpaced by an 11% growth in total income, which drove CIR lower to 37.1%.
- Total allowances declined 9% from the prior quarter to S$169 million.
- Share of results of associates rose 35% to S$255 million, from S$189 million in 4Q23.

1Q24 Year-on-Year Performance

Group net profit increased 5% from a year ago, driven by an 8% rise in operating profit.

- Net interest income rose 4% from the previous year, led by a 5% growth in average assets, which more than compensated for a 3 basis-point decline in NIM, as rising funding costs offset the higher asset yields.
- Non-interest income was S$1.19 billion, 17% above the previous year, underpinned by improvement in fee, trading and insurance income.
- Operating expenses grew 8% from 1Q23 to S$1.35 billion, as the Group continued to invest in its franchise and people to support business expansion.
- Total allowances were S$169 million, higher as compared to S$110 million a year ago, mainly due to increased allowances for impaired assets.
- Share of results of associates of S$255 million was 2% below 1Q23.

Asset Quality and Allowances

S$ million	Mar 2024	Mar 2023	Dec 2023	*YoY*	*QoQ*
Non-performing assets (NPAs)	**3,040**	3,329	2,901	*-9%*	*+5%*
Non-performing loan (NPL) ratio	**1.0%**	1.1%	1.0%	*-0.1ppt*	*–*
Total NPA coverage	**146%**	121%	151%	*+25ppt*	*-5ppt*
Allowances (S$ million)	**1Q24**	**1Q23**	**4Q23**		
Allowances for loans and other assets	**169**	110	187		
of which: Impaired	***180***	*56*	*5*		
Non-impaired	***(11)***	*54*	*182*		
Credit costs (bps) [1/]	**1Q24**	**1Q23**	**4Q23**		
Total loans	**16**	12	21		
of which: Impaired loans	***18***	*5*	*(0)*		

1/ Credit costs refer to allowances for loans as a percentage of average loans, on annualised basis.

- Total NPAs were S$3.04 billion as at 31 March 2024, a drop of 9% from a year ago. Compared to the previous quarter, NPAs were 5% higher as net recoveries/ upgrades and write-offs were offset by new corporate NPA formation.
- NPL ratio was 1.0%, stable against the previous quarter and lower than 1.1% in the prior year. The allowance coverage for total NPAs was 146%.
- Total allowances were S$169 million in 1Q24. These comprised allowances for impaired assets of S$180 million, and write-back in allowances for non-impaired assets of S$11 million.
- Total credit costs for 1Q24 were an annualised 16 basis points.

Strong Funding, Liquidity and Capital Position

S$ billion	Mar 2024	Mar 2023	Dec 2023	*YoY*	*QoQ*
Loans	**301**	294	297	*+2%*	*+1%*
% Δ in constant currency terms				*+2%*	*+1%*
Deposits	**370**	367	364	*+1%*	*+2%*
of which: CASA deposits	***175***	*173*	*177*	*+2%*	*-1%*
CASA ratio	**47.4%**	47.1%	48.7%	*+0.3ppt*	*-1.3ppt*
CET1 CAR	**16.2%**	15.9%	15.9%	*+0.3ppt*	*+0.3ppt*
Leverage ratio	**7.3%**	7.3%	7.2%	–	*+0.1ppt*

- Customer loans were S$301 billion as at 31 March 2024, up 2% from the previous year in constant currency terms. Compared to the prior quarter, customer loans were 1% higher.
  - Loan growth of S$4 billion for the quarter was supported by an increase in both corporate and consumer loans. By geography, the expansion in loans was led by growth in Singapore.
  - As at 31 March 2024, sustainable financing loans grew 34% from a year ago to S$43.1 billion, against a total loan commitment of S$60.5 billion.
- Customer deposits increased 1% quarter-on-quarter in constant currency terms to S$370 billion, in tandem with loan growth.
- Loans-to-deposits ratio was 80.3%, higher than 79.2% a year ago and comparable to 80.5% in the previous quarter.
- Group CET1 CAR was 16.2%, while the leverage ratio was 7.3%.

Message from Group CEO, *Helen Wong*

"We are pleased to start the year on a strong footing with robust first quarter results. We achieved record net profit which lifted return on equity higher, underpinned by income growth and strict cost discipline. Asset quality remained sound and we prudently maintained our credit allowances. Our performance was driven by the deep synergies across banking, wealth management and insurance. This demonstrates the ability of our diversified franchise to deliver resilient earnings growth towards achieving our strategic priorities.

While some recent economic indicators are looking more favourable, near-term risks remain, such as heightening geopolitical volatility arising from ongoing wars and the outcome of a number of key elections this year. Our key markets in Asia are expected to be resilient, benefitting from increasing capital flows and supply chain diversification. Our healthy balance sheet position provides us the flexibility to manage uncertainties, and capacity for growth as we continue to support our customers across our network."

FINANCIAL HIGHLIGHTS (unaudited)

S$ million	1Q24	1Q23	+/(-)	4Q23	+/(-)
			%		%
Selected Income Statement Items					
Net interest income	**2,437**	2,338	4	2,462	(1)
Non-interest income	**1,189**	1,012	17	811	47
Total income	**3,626**	3,350	8	3,273	11
Operating expenses	**(1,346)**	(1,244)	8	(1,310)	3
Operating profit before allowances and amortisation	**2,280**	2,106	8	1,963	16
Amortisation of intangible assets	**(25)**	(25)	(1)	(26)	(5)
Allowances for impaired assets	**(180)**	(56)	223	(5)	nm
Allowances write-back/(charge) for non-impaired assets	**11**	(54)	nm	(182)	nm
Operating profit after allowances and amortisation	**2,086**	1,971	6	1,750	19
Share of results of associates, net of tax	**255**	260	(2)	189	35
Profit before income tax	**2,341**	2,231	5	1,939	21
Net profit attributable to equity holders	**1,982**	1,879	5	1,622	22
Cash basis net profit attributable to equity holders [1/]	**2,007**	1,904	5	1,648	22
Selected Balance Sheet Items					
Ordinary equity	**55,170**	52,027	6	52,920	4
Equity attributable to equity holders of the Bank	**56,870**	53,727	6	54,170	5
Total assets	**597,177**	565,808	6	581,424	3
Assets excluding investment securities and other assets for life insurance funds	**498,004**	472,056	5	483,907	3
Net loans to customers	**296,932**	290,471	2	292,754	1
Deposits of non-bank customers	**369,841**	366,850	1	363,770	2
Goodwill and other intangible assets	**4,517**	4,594	(2)	4,501	–
Selected Changes in Equity Items					
Total comprehensive income, net of tax	**2,152**	1,302	65	2,210	(3)
Dividends and distributions	**(15)**	(23)	(33)	(10)	58
Key Financial Ratios (%)					
Return on equity [2/]	**14.7**	14.7		12.4	
Return on assets [2/]	**1.64**	1.63		1.33	
Net interest margin [2/]	**2.27**	2.30		2.29	
Non-interest income to total income	**32.8**	30.2		24.8	
Cost-to-income	**37.1**	37.1		40.0	
Loans-to-deposits	**80.3**	79.2		80.5	
NPL ratio	**1.0**	1.1		1.0	
Common Equity Tier 1 capital adequacy ratio	**16.2**	15.9		15.9	
Tier 1 capital adequacy ratio	**16.9**	16.7		16.5	
Total capital adequacy ratio	**18.4**	18.4		18.1	
Leverage ratio	**7.3**	7.3		7.2	
Singapore dollar liquidity coverage ratio	**292**	390		355	
All-currency liquidity coverage ratio	**146**	152		145	
Net stable funding ratio	**115**	120		116	
Earnings per share (S$) [2/]					
Basic earnings	**1.76**	1.68		1.42	
Diluted earnings	**1.76**	1.68		1.42	
Net asset value per share (S$)	**12.27**	11.58		11.77	

For notes on the computation of the above ratios, information can be found in the Financial Highlights disclosed on a half-yearly basis.

1. Excludes amortisation of intangible assets.
2. Computed on an annualised basis.

Further Information

For more information, please visit www.ocbc.com or contact:

Koh Ching Ching
Head
Group Brand and Communications

Tel: (65) 6530 1531
Fax: (65) 6535 7477

Collins Chin
Head
Investor Relations

Tel: (65) 6679 5008
Fax: (65) 6532 6001

OCBC Financial Results

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