

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S (AS DEFINED BELOW).

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail, including all attachments. The following applies to the offering circular (the “**Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE PRICING SUPPLEMENT AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND RESTATED FROM TIME TO TIME) THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of your Representation: The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to the delivery of such Offering Circular by electronic transmission. The Offering Circular is being furnished in connection with an offshore transaction as defined in the Securities Act in compliance with Regulation S under the Securities Act (“**Regulation S**”).

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Offering Circular, electronically or otherwise, to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Issuer (as described in the Offering Circular), the Arrangers (as described in the Offering Circular), the Dealers (as described in the Offering Circular) nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard-copy version available to you on request from any Arranger or Dealer.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular dated 2 July 2020



NTUC Income Insurance Co-operative Limited

(Registered in the Republic of Singapore on 29 May 1970)

(UEN: S97CS0162D)

S\$2,000,000,000 Euro Medium Term Note Programme

Under the S\$2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) described in this Offering Circular, NTUC Income Insurance Co-operative Limited (the “**Issuer**” or “**NTUC Income**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the “**Notes**”). The Notes may include Subordinated Notes and Perpetual Capital Securities (each as defined herein) issued by the Issuer, which may qualify as regulatory capital of the Issuer. The aggregate nominal amount of Notes outstanding will not at any time exceed S\$2,000,000,000 (or the equivalent in other currencies and subject to increase as provided herein). Where used in this Offering Circular unless otherwise stated, “**Notes**” includes Perpetual Capital Securities that may be issued from time to time under the Programme. Defined terms used in this Offering Circular shall have the meanings given to such terms in “*Terms and Conditions of the Notes other than the Perpetual Capital Securities*”, “*Terms and Conditions of the Perpetual Capital Securities*”, “*Form of Pricing Supplement relating to Notes other than Perpetual Capital Securities*”, “*Form of Pricing Supplement relating to Perpetual Capital Securities*” and “*Summary of the Programme*”, as applicable.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of the Programme. Application will be made to the SGX-ST for the listing of, permission to deal in, and for quotation of, any Notes to be issued which are agreed at the time of issue to be listed on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed herein. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Programme, the Notes, the Issuer, its subsidiaries and/or associated companies.

The Notes are complex and high-risk financial instruments and are not a suitable or appropriate investment for all investors. Investors should not purchase the Notes in the primary or secondary markets unless they are professional investors and understand the risks involved. The Notes are not suitable for retail investors. There are risks inherent in the holding of any Notes, including for example in respect of Subordinated Notes and Perpetual Capital Securities including certain risks in relation to their subordination and the circumstances in which Noteholders or Securityholders may suffer loss as a result of holding any Notes. Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Offering Circular for a discussion of certain considerations to be taken into account in connection with an investment in the Notes.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS AND RESTRICTIONS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES. REGISTERED NOTES ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, SEE “SUBSCRIPTION AND SALE”.

Each Tranche (as defined in “*Summary of the Programme*”) of Notes in bearer form (“**Bearer Notes**”) will be represented on issue by a temporary global note in bearer form (each a “**Temporary Global Note**”) or a permanent global note in bearer form (each a “**Permanent Global Note**”) and, together with the Temporary Global Notes, the “**Global Notes**”), as specified in the applicable Pricing Supplement. Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes, or, if so stated in the applicable pricing supplement to this Offering Circular (each a “**Pricing Supplement**”), definitive Notes (“**Definitive Notes**”). Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part. See “*Summary of Provisions Relating to the Notes while in Global Form*”.

Each Series of Notes (as defined in “*Summary of the Programme*”) in registered form (“**Registered Notes**”) will be represented by registered certificates (each a “**Certificate**”), without interest coupons. Registered Notes will initially be represented by a registered global certificate (each a “**Global Certificate**”) without interest coupons. Global Notes and Global Certificates may be either (i) deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) (the “**Common Depository**”) or with The Central Depository (Pte) Limited (“**CDP**”) or (ii) delivered outside a clearing system, as agreed among the Issuer, the Issuing and Paying Agent, the Trustee and the Dealers, if any, or purchaser. Beneficial interests in Global Notes or Global Certificates held in book-entry form through Euroclear or Clearstream will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, as the case may be. Beneficial interests in Global Notes or Global Certificates held in book-entry form through CDP will be shown on, and transfers thereof will be effected only through, records maintained by CDP. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

In relation to any Tranche (as defined in “*Summary of the Programme*”), the aggregate nominal amount of the Notes of such Tranche, the interest or distribution (if any) payable in respect of the Notes of such Tranche, the issue price and any other terms and conditions not contained herein which are applicable to such Tranche will be set out in a Pricing Supplement which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.

This Offering Circular is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended or superseded).

Arrangers

DBS Bank Ltd.

HSBC

Standard Chartered Bank

Programme Dealers

DBS Bank Ltd.

HSBC

Morgan Stanley

Standard Chartered Bank

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IMPORTANT

If you are in any doubt about this Offering Circular, you should consult your broker, dealer, bank manager, solicitor, certified public accountant or other professional adviser.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”).

MIFID II PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPS REGULATION – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA and 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 European Economic Area (the “**EEA**”) or in the United Kingdom (the “**UK**”). 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 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all persons, including relevant persons (as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are “**prescribed capital markets products**” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts as at the date of this Offering Circular and does not omit any material information likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than as contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers, the Dealers, the Trustee (as defined in “*Terms and Conditions of the Notes other than the Perpetual Capital Securities*” and “*Terms and Conditions of the Perpetual Capital Securities*”) or the Agents (as defined in the Trust Deed referred to in “*Terms and Conditions of the Notes other than the Perpetual Capital Securities*” and “*Terms and Conditions of the Perpetual Capital Securities*”) or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, its subsidiaries and/or associated companies since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arrangers, the Dealers, the Trustee and the Agents and each of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see “*Subscription and Sale*” and the applicable Pricing Supplement. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

Neither this Offering Circular nor any information supplied in connection with the Programme constitutes an offer of, or an invitation by or on behalf of, the Issuer, the Arrangers or the Dealers to subscribe for or purchase, any Notes.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them in connection with the Issuer or the issue and offering of the Notes. Each Arranger, each Dealer, the Trustee and each Agent and each of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements or documents incorporated by reference are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based on such investigation as it deems necessary. None of the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them

undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

By receiving this Offering Circular, investors acknowledge that: (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular; (ii) they have not relied on any Arranger, any Dealer, the Trustee or any Agent or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them in connection with their investigation of the accuracy of any information in this Offering Circular or their investment decision; and (iii) no person has been authorised to give any information or to make any representation concerning the issue or sale of the Notes or the Issuer other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers, the Trustee and the Agents and each of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA, the UK, Hong Kong, Japan and Singapore, see "*Subscription and Sale*".

CERTAIN DEFINED TERMS AND CONDITIONS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**Singapore dollars**”, “**S\$**” and “**SGD**” are to the lawful currency of Singapore, all references to “**U.S. dollars**” and “**U.S.\$**” are to the lawful currency of the United States of America, all references to “**Euro**”, “**euro**”, “**EUR**” and “**€**” are to the lawful currency of the member states of the European Union that have adopted or may adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the treaty on European Union, all references to “**Hong Kong dollars**” and “**HKD**” are to the lawful currency of Hong Kong, all references to “**RMB**”, “**Renminbi**” and “**CNY**” are to the lawful currency of China and all references to “**Sterling**” and “**GBP**” are to the lawful currency of the UK.

As used in this Offering Circular, the “**Issuer**” or “**NTUC Income**” refers to NTUC Income Insurance Co-operative Limited and the “**Group**” refers to the Issuer and its subsidiaries. References in this Offering Circular to “**2017**”, “**2018**” and “**2019**” refer to the Group’s fiscal years ended 31 December 2017, 2018 and 2019, respectively. As used in this Offering Circular, “**Note Conditions**” refers to the terms and conditions of the Notes other than the Perpetual Capital Securities, “**Perpetual Capital Securities Conditions**” refers to the terms and conditions of the Perpetual Capital Securities and “**Conditions**” refers to the Note Conditions and the Perpetual Capital Securities Conditions together.

In this Offering Circular, all of the Group’s financial information is presented on a consolidated basis, unless stated otherwise. The audited consolidated financial statements of the Group are prepared in accordance with the Singapore Financial Reporting Standards (“**SFRS**”). The SFRS is equivalent to International Financial Reporting Standards (“**IFRS**”). Investors should consult their own professional advisers for an understanding of the differences between SFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular. The Group’s audited consolidated financial statements as at and for the year ended 31 December 2019 are included in this Offering Circular, beginning on page F-1. This Offering Circular incorporates by reference the Group’s audited consolidated financial statements as at and for the years ended 31 December 2018 and 2017. See “*Documents Incorporated by Reference*”.

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

In connection with the issue of any Tranche (as defined in “*Summary of the Programme*”), the Dealer or Dealers (if any) named as the stabilisation coordinator(s) (the “**Stabilisation Coordinator(s)**”) (or persons acting on behalf of any Stabilisation Coordinator(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period of time after the relevant issue date. However, there is no assurance that the Stabilisation Coordinator(s) (or persons acting on behalf of any Stabilisation Coordinator(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Pricing Supplement of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Coordinator(s) (or persons acting on behalf of any Stabilisation Coordinator(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the audited consolidated financial statements of the Group as at and for the years ended 31 December 2018 and 2017, which have been previously published and filed with the Accounting and Corporate Regulatory Authority of Singapore. The Group's audited consolidated financial statements as at and for the year ended 31 December 2019 are included in this Offering Circular, beginning on page F-1. The Group's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2017 and the related notes thereto are incorporated by reference in this Offering Circular and are available at www.income.com.sg.

This Offering Circular should also be read and construed in conjunction with any audited consolidated financial statements of the Group which are available at www.income.com.sg and SGXNet subsequent to the date of this Offering Circular and any unaudited interim consolidated financial statements of the Group published subsequent to such audited consolidated financial statements, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Website addresses in this Offering Circular are included for reference only, and the contents of such websites are not incorporated by reference into, and do not form part of, this Offering Circular.

Copies of documents deemed to be incorporated by reference in this Offering Circular may be obtained without charge from the registered office or the website (www.income.com.sg) of the Issuer. Save as stated above, the information on the Issuer's website or any website directly or indirectly linked to such websites is not incorporated by reference in this Offering Circular and should not be relied on in connection with an investment in the Notes.

SUPPLEMENTAL OFFERING CIRCULAR

If at any time the Issuer shall be required to prepare a supplemental Offering Circular, the Issuer will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further Offering Circular.

INDUSTRY AND OTHER MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them makes any representation as to the accuracy of that information.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements. When used in this Offering Circular, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Issuer, its subsidiaries and management, are intended to identify such forward-looking statements. These statements concern, or may affect, future matters. These may include the Group's future strategies, business plans and results and are based on the current expectations of the directors of the Issuer. They are subject to a number of

risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are discussed in greater detail under the section “*Risk Factors*”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Offering Circular, investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date hereof. The Group does not represent nor warrant that the actual future results, performance or achievements of the Group will be as discussed in those statements. Neither the delivery of this Offering Circular (or any part thereof) nor the issue, offering, purchase or sale of any Notes shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Group or any statement of fact or information contained in this Offering Circular since the date of this Offering Circular or the date on which this Offering Circular has been most recently amended or supplemented. The Group disclaims any responsibility and undertakes no obligation to update or revise any forward-looking statement contained herein or publicly release the result of any revisions to these forward-looking statements to reflect events, conditions or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained or referred to elsewhere in this Offering Circular. To understand the terms of the Notes, investors should carefully read the sections of this Offering Circular entitled “Terms and Conditions of the Notes other than the Perpetual Capital Securities”, “Terms and Conditions of the Perpetual Capital Securities” and the risks of investing in the Notes under “Risk Factors” and the applicable Pricing Supplement.

OVERVIEW

NTUC Income was founded in 1970 to offer essential and affordable insurance to workers in Singapore and it strives to support its customers’ diverse financial and protection needs as they embark on different life stages in Singapore. Today, NTUC Income serves over two million customers with its multiple distribution and marketing channels in Singapore. With the aim to be a leading digital insurer in Singapore, NTUC Income provides digital solutions to its customers so that they have choice and flexibility in the manner in which they interact with NTUC Income.

NTUC Income believes in being a thriving social enterprise and making a positive difference in the community that it serves and this remains its business imperative. NTUC Income strives to achieve this by (i) delivering value to its customers by offering competitive pricing for its products and value-added services, (ii) making insurance products available and accessible to the elderly and the underserved community and (iii) improving the circumstances of those in need through programmes that promote inclusive growth and sustainable development.

NTUC Income is registered as a co-operative society under the Co-Operative Societies Act, Chapter 62 of Singapore and is currently Singapore’s only insurance co-operative which is registered with the MAS as a Singapore composite insurer to carry out life, health and general insurance business under a single entity, in Singapore.

For FY2019, NTUC Income was one of the largest insurers in the general insurance industry in Singapore with a market share of approximately 11.0%¹. Within the general insurance segment in Singapore, NTUC Income was the leading insurer for motor and travel insurance with a market share of 24.5%¹ and 15.1%¹, respectively for FY2019.

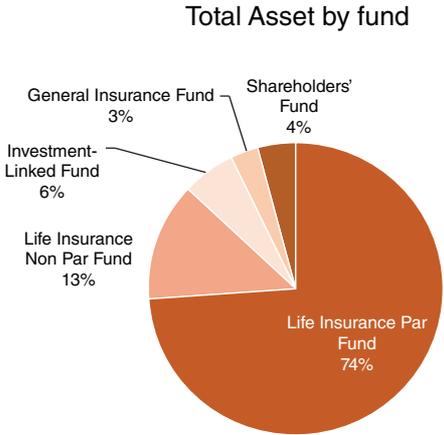
NTUC Income was amongst the largest insurers in Singapore in the life and health insurance industry with a market share of approximately 8.9%² for FY2019.

NTUC Income’s business lines are categorised into consumer and corporate business segments. The consumer business segment comprises a suite of products and services that cover life, health, travel, motor, maid and home insurance, as well as financial planning to meet the protection, savings and investment needs of individuals. The corporate business segment offers both commercial lines and group insurance, provides property and casualty products, as well as employee benefits insurance to corporate clients.

¹ Source: General Insurance Association market share results for FY2019

² Source: Life Insurance Association market share results for FY2019

For FY2019, NTUC Income’s gross premiums and net operating surplus amount to approximately S\$3.9 billion and S\$326.1 million respectively. NTUC Income’s total assets amounted to approximately S\$41.9 billion at the end of FY2019, which were held in the funds described below.



- **Life Insurance Participating Fund** – contains all the individual participating life insurance contracts and certain non-participating life insurance contracts;
- **Life Insurance Non-Participating Fund** – contains the health insurance and group term insurance business and non-participating life insurance contracts;
- **Investment-Linked Fund** – contains the business of all investment-linked insurance contracts;
- **General Insurance Fund** – contains the business of all the general insurance contracts; and
- **Shareholders’ Fund** – contains the capital contributions made by shareholders, net of transfer to and from the insurance funds and net assets relating to other non-insurance business.

The principal activities of NTUC Income, which are the main activities of the Group, consist of the underwriting of life, health and general insurance business and carrying out investment activities incidental to its business. The principal activities of NTUC Income’s subsidiaries are investment holding, owning and leasing an investment property, operating of retail and referral services and financial advisory services. See the section “Description of the Issuer – Organisation and Structure of the Group – Key Subsidiaries and Associates” for further details.

NTUC Income has an extensive and expansive multi-channel distribution network with the key sales channels consisting of: (i) a large, long-standing tied agency force, (ii) retail financial services and (iii) partnership distribution (see “Competitive Strengths and Strategy – Competitive Strengths – An extensive and expansive multi-channel distribution network” for further details).

NTUC Income is currently rated “AA-/Stable” by Standard & Poor’s, which NTUC Income has held since 2009. The overall rating reflects an uplift of two notches above its stand-alone credit profile rating of “a” based on Standard & Poor’s expectation of government support for NTUC Income.

RECENT DEVELOPMENTS

The outbreak of COVID-19 together with any resulting restrictions on travel and/or imposition of quarantine measures has resulted and may continue to result in protracted volatility in international markets and/or may result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains.

In Singapore, “circuit-breaker” measures were implemented by the Singapore government on 7 April 2020. These measures ended on 1 June 2020 and from 2 June 2020 to 18 June 2020 under “Phase One” post “circuit-breaker”, Singapore gradually re-opened economic activities that do not pose a high risk of transmission and more businesses and workplaces were allowed to resume operations. From 19 June 2020 under “Phase Two” post “circuit-breaker”, the vast majority of economic activities have been allowed to resume in Singapore, subject to safe-distancing measures. As a result of the “circuit-breaker” measures that were in force, NTUC Income closed all its branches temporarily from 16 April 2020 to 1 June 2020 and also suspended the Group’s Orange Force accident response team, which was established to assist its policyholders in the event of motor accidents, from 16 April 2020 until further notice. During “Phase One” post “circuit-breaker”, NTUC Income opened its service branch at Bras Basah with safe management measures to serve customers via appointments only, with limited number of walk-in customers daily. From 1 July 2020, which falls within “Phase Two” post “circuit breaker”, the service branches at Ang Mo Kio Hub and Westgate were opened with safe management measures to serve customers via Appointments only, with a limited number of walk in customers daily, while the remaining branches, including the Motor Service Centre, and the operations of the Group’s Orange Force, are intended to gradually resume in time.

Although online insurance services remain available, the Group’s closure of its branches and travel restrictions imposed during the “circuit-breaker” period have led to restricted face-to-face engagements with its customers and resulted in lower sales. In addition, precautionary measures put in place such as cleaning and disinfecting common areas have resulted in higher operating expenses for the Group, all of which is likely to have some negative impact on the Group’s financial performance in FY2020 as compared with FY2019. Nevertheless, NTUC Income intends to remain committed to its goal in providing affordable and accessible insurance and has supported and will continue to support the needs of its customers through various support schemes. NTUC Income has been closely monitoring the impact of the COVID-19 developments on its businesses and will continue to take appropriate actions to mitigate any potential impacts.

For more information, please see “Risk Factors – Risks Relating to the Group’s Operations and the Insurance Industry – Catastrophic events or health epidemics, which are unpredictable by nature, could materially and adversely affect the Group’s business, financial conditions, results of operations, prospects and profitability”.

COMPETITIVE STRENGTHS AND STRATEGY

Competitive Strengths

NTUC Income’s competitive strengths include:

(i) Historic roots in and deep systemic importance to Singapore with a focus on creating value for its customers

NTUC Income was the first co-operative set up by the Labour Movement in 1970 to provide essential insurance coverage to plug the protection gaps of lower income groups in Singapore. NTUC Income’s historic roots with the Labour Movement had enabled its early entry into the Singapore insurance market and gave NTUC Income an advantage to establish a network in Singapore. Given its strong brand equity and association with trade unions and its established track record in the life, health and general insurance businesses, NTUC

Income has a competitive advantage over the small-medium enterprise (“SME”) segment. In addition, as a co-operative, NTUC Income’s goal is to provide essential insurance that is affordable, accessible and sustainable to Singaporeans from all strata of society. Accordingly, NTUC Income remains committed to maintaining insurance premiums at competitive and sustainable rates and is able to maintain its competitive advantage of delivering value for its customers. This is achieved by (i) offering competitive pricing for its products and value-added services, (ii) making insurance products available and accessible to the elderly and the underserved community and (iii) improving the circumstances of those in need through programmes that promote inclusive growth and sustainable development.

(ii) Strong Capital and Liquidity Position

The strength of the NTUC Income’s capital and liquidity position is one of NTUC Income’s key points of differentiation and a competitive advantage. Through its prudent risk management, NTUC Income has a strong balance sheet. NTUC Income also has a strong liquidity position, with approximately 16% of NTUC Income’s total assets held in Singapore government treasury bills and bonds (including MAS treasury bills) and cash and cash equivalents as at the end of FY2019. Furthermore, approximately 5.1% of NTUC Income’s total assets are held in debt securities that will mature in the next 12 months.

In addition, internally generated cash flows from NTUC Income’s in-force businesses provide NTUC Income with a revenue base that supports on-going efforts to capture the significant growth opportunities that are available by investing in new businesses at high rates of return. For FY2019, NTUC Income maintained a healthy capital adequacy ratio of 283%³. Please see the section “*Description of the Issuer – Capital Management and Capital Adequacy*” and “*Supervision and Regulation*” for further information. It is currently rated “AA-/Stable” by Standard & Poor’s, which it has held since 2009. Such resilient credit rating underscores NTUC Income’s strong competitive position and diversified business mix as well as continued government support. Furthermore, NTUC Enterprise (as defined below as the holding entity and single largest shareholder of the NTUC Social Enterprises that was set up to serve the interests of the Singapore community (see the section “*Description of the Issuer – Organisation and Structure of the Group – Key Subsidiaries and Associates*” for further details)), converted its Common Shares (as defined below) to Permanent Shares (as defined below) in 2018. As the Permanent Shares are not redeemable (unlike the Common Shares) and rank *pari passu* with the existing Common Shares, the conversion by NTUC Enterprise of its Common Shares to Permanent Shares reaffirms its support for NTUC Income and serves as an integral part of NTUC Income’s prudent financial planning, supporting its business growth and investments for the future (see “*Description of the Issuer – Organisation and Structure of the Group – Share Capital*” for further details).

(iii) Strong market position in Singapore and a leading composite insurer

NTUC Income benefits from economies of scale due to its strong market position in Singapore. For FY2019, NTUC Income was one of the largest insurers in the general insurance industry in Singapore with a market share of approximately 11.0%⁴. Within the general insurance segment in Singapore, NTUC Income was the leading insurer for motor and travel insurance with a market share of 24.5%⁴ and 15.1%⁴, respectively for FY2019.

NTUC Income was amongst the largest insurers in Singapore in the life and health insurance industry with a market share of approximately 8.9%⁵ for FY2019.

³ This is calculated under risk-based capital 1 framework (“RBC1”) issued by the MAS.

⁴ Source: General Insurance Association market share results for FY2019

⁵ Source: Life Insurance Association market share results for FY2019

Through its strong investment and prudent liability management strategies, NTUC Income has maintained a stable financial profile and has limited its risk exposure. NTUC Income has a track record of stable and profitable growth. For FY2019, its net premiums rose to S\$3.9 billion and net operating surplus was S\$326.1 million.

(iv) Diversified product portfolio to meet customer needs

NTUC Income maintains a diversified product portfolio that enables it to address the needs of a broad segment of customers. NTUC Income's portfolio includes accident, health, protection, savings, investment plans, travel, motor and personal accident products in Singapore (see the section "*Description of the Issuer – Products*" for further details).

NTUC Income believes its diversified product mix allows it to create more business value and rapidly address changing market needs. Its long-term track record has also provided significant experience and know-how, enabling it to maintain a lower expense ratio, thereby keeping its premium rate competitive and ultimately, giving a better return to its policyholders.

Throughout the years, NTUC Income has won a number of accolades and awards, such as being ranked the top insurer in the inaugural Applied Innovation Institute Singapore Insurance Innovation and Digital Benchmark⁶ in 2018, produced by the Applied Innovation Institute, in partnership with Quest Ventures. Other awards which NTUC Income received in recent years are as follows.

- *Droplet*, a lifestyle-inspired insurance by Digital Income, clinched an award under the Digital – Personal Insurance category at the inaugural Singapore Business Review Technology Excellence Award in 2019. The award recognised firms with innovative and unique IT initiatives and solutions that enhanced their company's business in Singapore.
- NTUC Income was conferred two awards at the second Marketing's Asia eCommerce Awards 2019 in the categories, "Best in eCommerce (Brands) – Banking/Financial Services" and "Best eCommerce Solution."
- For the fourth consecutive year, NTUC Income's Orange Force was conferred the "Company Award" and "Safe Driver Award" for the Motorcycle Fleet category by the Singapore Road Safety Council in 2019.
- In the Google's Masters of Mobile APAC Report 2018, NTUC Income took home the official "Mobile Master" title in the financial services industry. The title is bestowed upon companies which provide great mobile experiences for its on-the-go users.
- NTUC Income was named 'Brand of the Year' in the Hall of Fame Awards 2017 organised by the Institute of Advertising Singapore.
- NTUC Income was ranked no. 71 on "Singapore's Top 100 brands" for 2017 and is the only insurer on the list. The "Singapore's Top 100 brands" is an aggregator of consumer brand perception and trust. It is part of a wider comprehensive and regional research conducted by Campaign Asia-Pacific and global information and insights provider, Nielsen.

⁶ The Digital Benchmark compared the innovation and digitalisation efforts of 25 insurers in Singapore.

(v) An extensive and expansive multi-channel distribution network

NTUC Income has an extensive and expansive multi-channel distribution network and the key sales channels consist of:

- (i) a large, long-standing tied financial advisors that form the cornerstone of its multi-channel distribution platform and product offerings. In FY2019, sales through NTUC Income's tied financial advisors accounted for approximately 45.0% of NTUC Income's total sales in respect of NTUC Income's life insurance business;
- (ii) retail financial services comprising seven business centres across Singapore and seven retail assurance "Lite" branches in NTUC FairPrice. In FY2019, sales through NTUC Income's retail financial services accounted for approximately 30.0% of NTUC Income's total new weighted premium income in respect of NTUC Income's life insurance business; and
- (iii) partnership distribution which includes bancassurance, independent financial advisors, corporate agents and brokers. In FY2019, sales through NTUC Income's partnership distribution channel accounted for approximately 75.0% and 25.0% of NTUC Income's gross written premiums in respect of NTUC Income's general insurance business and total new weighted premium income in respect of NTUC Income's life insurance business, respectively.

In addition, NTUC Income also distributes its products through (i) direct channels including its seven branches across Singapore and telesales, and (ii) online and mobile platforms, in its enhanced efforts to digitalise its core business lines (see "*Competitive Strengths and Strategy – Competitive Strengths – Digital innovations to offer customers choice and flexibility*" for further details). In FY2019, sales through such direct channels, online and mobile platforms accounted for approximately 16% of NTUC Income's gross written premiums in respect of its general insurance business.

NTUC Income's tied financial advisors are the largest contributor to NTUC Income's sales and provide significant reach and face-to-face customer targeting and servicing capabilities, enabling NTUC Income to build and maintain long-term relationships with its customers.

NTUC Income has built and is continuing to develop other distribution channels to increase market penetration, broaden access to potential customers and meet the evolving preferences of its customers. NTUC Income has established sound relationships with key partners, which provide it with access to potential customers. Furthermore, NTUC Income has not only increased its financial advisors' footprint, but has also empowered them with digital tools and platforms so that their advisory capabilities leverage and complement technology of today. This ensures that NTUC Income's financial advisors move up the value curve as they support customers in their financial goals.

NTUC Income launched a wholly-owned financial advisory firm, Infinitum Financial Advisory Pte Ltd (“**Infinitum**”) in June 2019, which expanded NTUC Income distribution footprint. The setting up of Infinitum was made through the acquisition of smaller but well-established financial advisory firms and this allows NTUC Income to consolidate and tap economies of scale and a wealth of experience in the financial advisory industry to strengthen NTUC Income’s offerings and progress as a multi-channel insurer.

(vi) Digital innovations to offer customers choice and flexibility

NTUC Income’s digitalisation efforts and innovations have enabled it to offer its customers more choices and flexibility when engaging with NTUC Income. NTUC Income’s digitalisation efforts and products offered are as follows:

- In 2015, NTUC Income launched Adviser Connect, the first-of-its-kind digital platform that makes financial advice accessible by enabling a customer to initiate a conversation online and interact directly real time with an Income financial advisor anytime and anywhere, while remaining anonymous. The customer can then decide to meet the adviser personally and pursue the conversation, if preferred.
- In 2016, NTUC Income launched Drive Master and FlexiMileage which allows private car owners to influence what they would pay for motor insurance premiums based on their driving behaviours through the application of telematics.
- In 2017, NTUC Income launched the mobile application, “Accident Reporting by Income”, the first mobile application in Singapore for remote accident reporting, to empower those who are hard-pressed for time to report a motor accident within 24 hours of the accident as required by the motor claims framework. In addition, NTUC Income developed Start.Sure, the industry’s first self-service digital employee benefits platform, designed to enable new start-ups to purchase and manage its employee benefit insurance conveniently on one platform.
- In 2018, NTUC Income launched *Droplet*, a first of its kind “raininsurance” policy that protects customers against surge pricing due to rain when they book a ride on ride-hailing platforms and digitalised its health business by unveiling the first-in-Singapore digital portal for Integrated Shield plans on its website. NTUC Income also refreshed its general insurance e-commerce portal to enhance customers’ digital experience. To date, the bulk of the sales that account for the travel insurance business is derived from the e-commerce portal, which has been consistently growing since the portal’s update.
- In 2019, NTUC Income launched the following:
 - (1) *Pinfare*, a travel-inspired lifestyle insurance, which protects travellers when prices of their pinned itineraries increase.
 - (2) *Online Life* and *askSage*, its life insurance portal and digital adviser for life insurance, respectively, to offer customers a wide option of life insurance online. With the launch of such products, customers are supported with digital assets that help them fact-find, carry out financial review and needs analysis, as well as, identify, compare and purchase insurance products seamlessly. NTUC Income believes that *Online Life* and *askSage* help to offer its customers more choices and flexibility when engaging with NTUC Income across its core business lines such as life, health and general insurance.

- (3) a digital self-service portal “*me@income*” for customers to view their policy information, check payments, submit life insurance claims and also buy products online.
- (4) a stackable-insurance proposition, *Critical Illness: Pay Per Trip (“CIPPT”)* in collaboration with GrabInsure Insurance Agency (S) Pte. Ltd., which is the first of its kind in Southeast Asia designed to help Grab driver-partners better protect themselves against critical illnesses by offering a unique and flexible option to pay premiums on a per-trip basis with accumulative insurance coverage (see “*Description of the Issuer – Sustainability and Corporate Social Responsibility – Making Insurance Accessible*” for further details).
- (5) usage-based motor insurance policies including one such policy in partnership with CARRO, which is bundled with CARRO’s car subscription service. Using vehicular telematics technology, the distance driven each month is tracked and premiums are calculated based on the distance driven.

In addition, in April 2019, NTUC Income and ZA Tech Global Limited, the business entity for overseas technological exports formed by ZhongAn Online P&C Insurance Co. Limited (“**ZhongAn**”), China’s first internet-based insurer, entered a strategic partnership to collaborate on digital innovations and product launches in Singapore. The collaboration with ZhongAn allows NTUC Income to improve its agility and cost efficiency while tapping ZhongAn’s deep technological know-how and experience to deliver a pipeline of bespoke digital and modularised insurance products that are tailored for modern lifestyles. By leveraging ZhongAn’s capabilities, NTUC Income also intends to readily and seamlessly integrate its technical capabilities with different digital ecosystem partners and create a digital platform that will empower NTUC Income to move towards regionalisation.

(vii) Experienced management driving a comprehensive business growth strategy

NTUC Income has a strong management team with extensive experience and business expertise. The experience of its senior management and directors gives the Group a broad perspective on the insurance industry that drives its business strategies and enables it to respond quickly to changes in the insurance markets in which it operates. For further details of NTUC Income’s directors, see “*Directors of the Issuer*”.

Strategy

NTUC Income was established to serve the interests of its policyholders first and foremost. As such, NTUC Income is focused on striving for commercial leadership in its business by embracing new challenges and opportunities to serve its social purpose and to fulfil the financial needs of all its policyholders by supporting their retirement and lifestyle planning based on their lifestyle preferences. This entails providing value to its policyholders and ensuring affordability, sustainability and accessibility of all its essential insurance products to its customers and stakeholders, supporting and advocating “national causes” in areas that are consistent with its goals as an insurance provider and managing its business professionally and commercially with respect to pricing, underwriting, claim settlement, complaints handling and dealing with suppliers.

Income 2025 goals

NTUC Income has established “Income 2025” to guide its business towards achieving the goals of:

- (i) ***Grow its customers*** – by aiming to dominate in all segments, in particular the mass, emerging affluent, high net-worth individuals and small-medium enterprises. NTUC Income intends to capture the small-medium enterprises and deliver best-in-class customer experience to its policyholders. By 2025, NTUC Income’s goals are to cover 50% of the population in Singapore under its policies, double its size, triple the embedded value of its new businesses and increase its operating profits by 1.3 times;
- (ii) ***Grow its capabilities*** – by investing in its people, leveraging on data and technology to build capabilities and modernise technology, enhancing the culture and mind-set of innovation and external orientation within its organisation, strengthening cross-functional collaboration and focusing on being customer-orientated by simplifying interactions and transactions; and
- (iii) ***Grow its business*** – by scaling and expanding its digital business, expanding into adjacencies and exploring new ecosystem opportunities as well as expanding regionally.

NTUC Income aims to achieve such goals in a sustainable way using the main strategies highlighted below:

Grow its customers

NTUC Income intends to grow its customers by (i) leveraging on cross-selling opportunities, (ii) developing customer segment specific marketing initiatives, (iii) growing its customers in the mass affluent and high-net-worth segments and (iv) growing its SME business to be the preferred SME insurer in Singapore.

(i) Cross-selling

As at the end of FY2019, NTUC Income has over two million policyholders. This offers significant cross-selling and up-selling opportunities. By offering them a broad range of complementary insurance and financial products and services, NTUC Income hopes to ensure that its customers have sufficient insurance coverage for themselves and their families. NTUC Income intends to reach out to policyholders whose policies have matured to assess if their needs can be further served by NTUC Income and also deploy personal lines insurance bundles to cross-sell to NTUC Income’s affinity base of customers.

NTUC Income’s goal is to serve all segments of the population in Singapore, including underserved policyholders. It also intends to increase cross-selling between its consumer and corporate businesses by tapping on its bancassurance arrangements, individual customers who are SME owners and corporate owners who may require insurance coverage for their businesses and employees.

(ii) Developing customer segment specific marketing initiatives

NTUC Income further intends to grow its customer base by developing customer segment specific marketing initiatives. For instance, NTUC Income has partnered with DBS Bank Ltd. to market its group employee benefits insurance to DBS Bank Ltd.’s SME banking sector. NTUC Income also works with partners like SAFRA National Service Association, National Trade Union Congress and Home TeamNS, to design insurance products that are specially catered to their members and families.

(iii) Growing its customers in the mass affluent and high-net-worth segments

NTUC Income has identified opportunities in the affluent and emerging affluent segments, where it has started to gain traction by developing products and propositions to increase focus in these segments. NTUC Income intends to continue to build on its momentum to expand into the high-net-worth and ultra high-net-worth segments via a suite of tailored products that will be sold through various brokers within these customer segments.

(iv) Growing SME business to be the preferred SME insurer in Singapore

Based on the latest publicly available information published by the Singapore Department of Statistics, in 2018, there were more than 260,000 SMEs in Singapore which employed more than 70% of the working population in Singapore⁷ and as part of NTUC Income's marketing initiatives, it aims to increase its portfolio in a sustainable way by focusing on being the preferred SME insurer in Singapore and by offering diverse products via enhanced accessibility and convenience for its customers. It intends to grow its SME customer base with the SME portal which aims to streamline application of policies by SME customers, such as establishing automated rule based processes and shortening processing time.

NTUC Income also intends to offer bundle offers and other services at preferential rates for SME customers who purchase a range of insurance policies. Such bundle offers aim to bring greater value to its policyholders and their families.

NTUC Income aims to build towards a single contact point for all intermediaries and customers for all their insurance needs.

Grow its capabilities

NTUC Income intends to grow its capabilities by (i) being a customer-led organisation, (ii) instilling an innovative and externally-oriented culture and (iii) modernising technologies and digitalisation.

(i) Customer-led organisation

NTUC Income's focus is to be a customer-led organisation. It will continue to place emphasis on being customer-oriented and will continue to ensure that its customers remain satisfied with its service by anchoring its business decisions on its corporate philosophy of maximising value for its customers and to provide best-in-class customer experience by simplifying interactions and transactions, providing appropriate advice, ensuring policy contracts are clear, and settling claims quickly and fairly.

To this end, NTUC Income adopts a prudent and broadly diversified investment strategy and remains committed to maintaining insurance premiums at competitive and sustainable rates. NTUC Income also intends to expand its personal lines insurance business given the profitability and economics of the personal lines insurance business, and is also focused on maintaining its position as the leading motor insurer in Singapore while balancing the competitiveness and sustainability of its general insurance business.

⁷ Singapore Department of Statistics, which can be accessed at <https://www.singstat.gov.sg/>

(ii) Innovative and externally-oriented culture

NTUC Income aims to instil an innovative and externally-oriented culture. To this end, NTUC Income remains firmly focused on ensuring insurance access to all strata of society. Given the thriving gig economy, NTUC Income is increasingly seeing a growing protection gap amongst self-employed persons and recognises them as a group of people who are currently under-insured in Singapore. NTUC Income launched the prolonged medical leave insurance for self-employed persons in September 2018, which are intended to mitigate loss of income, particularly during long periods of illness, injury or hospitalisation for self-employed persons. More significantly, the plans offer pay-out on top of other insurance plans and apply the same premium rate regardless of occupation types. In addition, NTUC Income launched CIPPT in collaboration with GrabInsure Insurance Agency (S) Pte. Ltd. (see “*Description of the Issuer – Sustainability and Corporate Social Responsibility – Making Insurance Accessible*” for further details).

NTUC Income believes in being a thriving social enterprise and making a positive difference in the community that it serves and this remains its business imperative. The directors and management of NTUC Income are committed to this vision and have crystallised their focus in making a greater social impact, which is entrenched deeply in NTUC Income’s founding principles of prudence, solvency, sustainability and excellence, forming the basis on which NTUC Income operates.

NTUC Income’s social role is underscored by its commitment to address the needs of the uninsured, under-insured and elderly Singapore residents. In the area of Corporate Social Responsibility (“**CSR**”), NTUC Income champions education for underprivileged children and youths in Singapore through Income OrangeAid, its flagship CSR programme. The Income OrangeAid Future Development Programme (“**FDP**”) supports tertiary students from the lowest income households through partnership with all polytechnics and the Institute of Technical Education in Singapore by offering bursaries to the beneficiaries to defray their school fees and living expenses, as well as, building their resilience and self-worth through character-development and financial literacy workshops. The FDP also offers an alumni programme that comprises a coaching and facilitators training programme, which aims to broaden FDP beneficiaries’ horizons about alternative career choices.

In 2014, NTUC Income won the President’s Volunteerism & Philanthropy Awards for donating 1.0% of its annual operating profits to OrangeAid and its RoundUp initiative, which encourages Income life policyholders to round-up their regular premiums and donate the difference to OrangeAid. These initiatives continue to be implemented by NTUC Income. Annually, it also supports community programmes of the Labour Movement and the organisation-wide staff volunteering initiative, ‘Income Gives Back’.

NTUC Income is also one of the Founders of the Company of Good, which was launched by the National Volunteer and Philanthropy Centre to provide training and other resources to empower more business operating in Singapore to give back to the community strategically. NTUC Income has been a recipient of the Community Chest SHARE Corporate Platinum Award for its contributions to the Community Chest.

(iii) Modernising technologies and digitalisation

In the second half of 2019, NTUC Income’s group insurance business launched the group care services, a mobile application for employees of its group business. Through the mobile application, employees of its group business are able to, among others, access their insurance plans, request for letters of guarantee and submit their insurance claims. In addition, there is a “live” chat function that allows employees to chat with NTUC Income’s representative 24/7 on any of their insurance-related services.

NTUC Income intends to digitalise its business, by building new business models and entering into new digital ventures and establishing a digital ecosystem. For instance, it has launched a lifestyle based stackable-insurance mobile proposition called SNACK where NTUC Income collaborates with partners, including EZ-Link, Fitbit and Burpple to provide insurance coverage to customers of such partners (see “*Description of the Issuer – Sustainability and Corporate Social Responsibility – Making Insurance Accessible*” for further details).

In addition, it intends to explore offering insurance products through fintech-enabled digital banking platforms.

Grow its business

NTUC Income intends to grow its business by (i) developing its omni-channel capabilities, (ii) developing and expanding its distribution channels and (iii) investing in adjacencies.

(i) Omni-channel capabilities

NTUC Income intends to develop an omni-channel platform with the ability to orchestrate its omni-channel strategy which is to enable offline and online leads that are being generated to be directed to the relevant channel for follow-up or completion of a transaction. These capabilities will be able to pickup and manage the leads from online to offline and vice-versa seamlessly.

The omni-channel technology capabilities will leverage NTUC Income’s and its ecosystem partners’ customer data and use advanced analytics capabilities to predict customer behaviour using artificial intelligence-powered algorithms based on customers’ usage and interaction with NTUC Income’s ecosystem partners. This enables NTUC Income to innovate personalised products for customers across NTUC Income’s different customer segments, based on their needs and preferences.

(ii) Continue to develop and expand its distribution channels

NTUC Income seeks to continue to expand its distribution channels by, among other means, developing and maintaining bancassurance and financial advisor relationships to sell its products, as well as expanding its branch network to its customers to better serve their needs.

NTUC Income’s bancassurance strategies include close collaboration with bank partners to understand customers’ and bank partners’ needs to develop appropriate products and services, provide positive experiences for its partners and customers, as well as to reach out to new customers.

(iii) Investing in adjacencies

By leveraging market intelligence, which includes research, analysis and competitive information, NTUC Income’s strategies centre on optimising market opportunities by determining and presenting the best and most relevant insurance solutions to its existing customers.

For instance, NTUC Income launched a joint venture in March 2019 with Davita Care Pte Ltd and NTUC Health Co-operative Limited to operate kidney dialysis centres in Singapore. The collaboration brings together one of the world's largest healthcare providers in renal care, a community care provider and a local insurer to offer value-based and outcome-driven renal disease management in Singapore. The dialysis centres operated by the joint venture serve as NTUC Income's preferred healthcare facilities, akin to its panel of private specialists. This initiative sees NTUC Income extend its role as payer to enabler in the healthcare ecosystem to influence healthcare consumption to ensure that healthcare and health insurance remain accessible and sustainable in Singapore.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche or Series of Notes, the applicable Pricing Supplement. Words and expressions defined in “*Terms and Conditions of the Notes other than the Perpetual Capital Securities*” and “*Terms and Conditions of the Perpetual Capital Securities*” shall have the same meanings in this summary. Other words and expressions used in this summary and not otherwise defined in this summary shall have the meanings ascribed to such words and expressions appearing elsewhere in this Offering Circular.

Issuer	NTUC Income Insurance Co-operative Limited.
Description	Euro Medium Term Note Programme.
Programme Limit	Up to S\$2,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase this amount in accordance with the terms of the Dealer Agreement.
Arrangers	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited and any other Arrangers appointed in respect of the Programme.
Dealers	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Morgan Stanley Asia (Singapore) Pte. and Standard Chartered Bank (Singapore) Limited. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “ Programme Dealers ” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “ Dealers ” are to all Programme Dealers and all persons appointed as dealers in respect of one or more Tranches. The Notes may be offered from time to time by the Issuer through the Dealers. The Issuer may sell Notes to the Dealers acting as principals for resale to investors or other purchasers and the Issuer may also sell Notes directly to investors. Notes may be distributed on a syndicated or non-syndicated basis. See “ <i>Subscription and Sale</i> ”.
Trustee	HSBC Institutional Trust Services (Singapore) Limited.

Calculation Agent

The Hongkong and Shanghai Banking Corporation Limited, in the case of a Series of Notes cleared through Euroclear or Clearstream, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, in the case of a Series of Notes cleared through CDP (“**CDP Notes**”), may be appointed to act as Calculation Agent in respect of any particular Series of Notes by agreement with the Issuer. The Hongkong and Shanghai Banking Corporation Limited or, as the case may be, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch will be provided with the applicable Pricing Supplement (in draft or final form) for the relevant Series of Notes which the Issuer proposes to issue no later than seven Business Days before the Issue Date or, if earlier, the first date on which it is required to make any calculation or determination and a request in writing for The Hongkong and Shanghai Banking Corporation Limited or, as the case may be, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch to act as Calculation Agent. The Hongkong and Shanghai Banking Corporation Limited or, as the case may be, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch shall be treated as having agreed to act as Calculation Agent if it shall not have notified the Issuer in writing that it does not wish to be appointed within four Business Days of receipt of such Pricing Supplement and request.

Issuing and Paying Agent

The Hongkong and Shanghai Banking Corporation Limited (in respect of each Series of Notes cleared through Euroclear or Clearstream).

CDP Paying Agent

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (in respect of CDP Notes).

Registrar and Transfer Agent (in respect of Registered Notes)

The Hongkong and Shanghai Banking Corporation Limited (in respect of each Series of Notes cleared through Euroclear or Clearstream) or, as the case may be, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (in respect of CDP Notes).

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Euro, Sterling, Swiss francs, Hong Kong dollars, Singapore dollars, Japanese yen, Renminbi, Australian dollars or in such other currencies as may be agreed.

Renminbi Fallback

Subject to Perpetual Capital Securities Condition 5 and 6(j), or, as the case may be, Notes Condition 6(k), if by reason of inconvertibility, non-transferability or illiquidity, the Issuer is not, in its sole and absolute discretion, able to satisfy payments of principal or interest (in respect of the Notes other than the Perpetual Capital Securities) or payments of principal or Distributions (in respect of the Perpetual Capital Securities only, and as defined in “*Terms and Conditions of the Perpetual Capital Securities – Condition 4*”), as applicable, when due in Renminbi, the Issuer shall, on giving not less than 15 nor more than 30 business days’ irrevocable notice to the Noteholders or, as the case may be, the Securityholders prior to the due date for payment, settle any such payment in U.S. dollars (in the case of Notes cleared through Euroclear and Clearstream), or in Singapore dollars (in the case of CDP Notes), on the due date at (in the case of Notes cleared through Euroclear or Clearstream) the U.S. Dollar Equivalent, or (in the case of CDP Notes) the Singapore Dollar Equivalent, of any such Renminbi denominated amount.

Denomination

Definitive Notes will be in denominations as may be specified in the applicable Pricing Supplement (the “**Specified Denomination**”), save that, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) will have a minimum Specified Denomination of GBP 100,000 (or its equivalent in other currencies), subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency.

The minimum Specified Denomination of each Note admitted to trading on a regulated market within the EEA or in the UK or offered to the public in an EEA State or in the UK in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129 (as amended or superseded) will be EUR 100,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency at the date of issue of the Notes).

Form of Notes

The Notes may be issued in bearer form or in registered form only. Registered Notes will not be exchangeable for Bearer Notes and vice versa. Subordinated Notes and Perpetual Capital Securities, as applicable, will only be issued in registered form.

Each Tranche of Notes in bearer form will be represented on issue by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement. Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes, or, if so stated in the applicable Pricing Supplement, Definitive Notes. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part (see “*Summary of Provisions Relating to the Notes while in Global Form*”).

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee or a nominee of the Common Depositary (as applicable) for one or more clearing systems are referred to as “**Global Certificates**”. Registered Notes will initially be represented by a Global Certificate.

Clearing Systems

CDP, Euroclear and/or Clearstream and, in relation to any Tranche, such other clearing system as agreed and stated in the applicable Pricing Supplement.

Maturities

Subject to compliance with all relevant laws, regulations and directives, Notes may have any maturity that is one month or greater.

Method of Issue

Notes may be distributed by way of private placement on a syndicated or non-syndicated basis.

The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (each a “**Pricing Supplement**”).

Issue Price

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Fixed Rate Notes

Fixed Rate Notes will bear interest (in respect of Notes other than Perpetual Capital Securities) or confer the right to receive Distributions (in respect of Perpetual Capital Securities only), as applicable, payable in arrear on such day(s) as may be agreed (as specified in the applicable Pricing Supplement).

Floating Rate Notes

Floating Rate Notes will bear interest (in respect of Notes other than Perpetual Capital Securities) or confer the right to receive Distributions (in respect of Perpetual Capital Securities only), as applicable, determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to SOR, SIBOR, LIBOR, HIBOR, EURIBOR, BBSW, Compounded Daily SONIA or Compounded Daily SORA (or such other benchmark as may be specified in the applicable Pricing Supplement) as adjusted for any applicable margin.

Interest periods (in respect of Notes other than Perpetual Capital Securities) or Distribution periods (in respect of Perpetual Capital Securities only), as applicable, will be specified in the applicable Pricing Supplement.

Zero Coupon Notes

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest (in respect of Notes other than Perpetual Capital Securities).

Other Notes

Terms applicable to any other type of Notes which the Issuer may agree to issue under the Programme will be set out in the applicable Pricing Supplement.

Change of Interest Basis or Distribution Basis

Notes may be converted from one interest basis (in respect of Notes other than Perpetual Capital Securities) or one Distribution basis (in respect of Perpetual Capital Securities only), as applicable, to another in the manner set out in the applicable Pricing Supplement.

Redemption of Senior Notes

The applicable Pricing Supplement will indicate either that the Senior Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Senior Notes will be redeemable at the option of the Issuer and/or the Senior Noteholders upon giving notice to the Senior Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement may provide that Senior Notes may be redeemable in two or more instalments in such amounts and on such dates as indicated therein.

Redemption of Subordinated Notes

The applicable Pricing Supplement issued in respect of each issue of Subordinated Notes will indicate that the Subordinated Notes cannot be redeemed prior to their stated maturity other than, with the prior written approval of the Monetary Authority of Singapore (the “MAS”), at the option of the Issuer:

- (i) for taxation reasons; or
- (ii) following a Change of Qualification Event; or
- (iii) on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement; or
- (iv) on such other terms as may be indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Redemption of Perpetual Capital Securities

The applicable Pricing Supplement issued in respect of each issue of Perpetual Capital Securities will indicate that the Perpetual Capital Securities cannot be redeemed other than, with the prior written approval of the MAS, at the option of the Issuer:

- (i) for taxation reasons; or
- (ii) following a Change of Qualification Event; or
- (iii) on such other terms as may be indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Withholding Tax

All payments of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, in respect of the Notes, the Receipts and the Coupons will be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, the Securityholders, the Receiptholders or the Couponholders (after the withholding or deduction) of such amount as would have been received by them had no such withholding or deduction been required, subject to customary exceptions.

Status of the Senior Notes

The Senior Notes and the Receipts and the Coupons relating to them will constitute direct and unsecured obligations of the Issuer as set out in Note Condition 3(a) and shall at all times rank *pari passu* and without any preference among themselves.

Status of the Subordinated Notes

The Subordinated Notes will constitute direct, unsecured and subordinated (pursuant to Note Condition 3(c)) obligations of the Issuer as set out in Note Condition 3(b) and shall at all times rank *pari passu* and without any preference among themselves.

Status of the Perpetual Capital Securities

The Perpetual Capital Securities will constitute direct, unsecured and subordinated (pursuant to Perpetual Capital Securities Condition 3(b)) obligations of the Issuer as set out in Perpetual Capital Securities Condition 3(a) and shall at all times rank *pari passu* and without any preference among themselves.

Subordination of the Subordinated Notes

Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the Subordinated Notes and any other obligations in respect of the Subordinated Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Relevant Creditors and will rank senior to all share capital of the Issuer and Tier 1 Capital Securities. The Subordinated Notes will rank *pari passu* with all subordinated debt issued by the Issuer that qualifies as Tier 2 Capital Securities and any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Subordinated Notes, which for the avoidance of doubt includes the Existing Tier 2 Capital Securities, as further described in Note Condition 3(c).

“Existing Tier 2 Capital Securities” means the Issuer’s S\$600,000,000 3.65 per cent. Subordinated Notes due 2027 callable with a coupon reset in 2022.

Subordination of the Perpetual Capital Securities

Upon the occurrence of any winding-up proceedings, the rights of the Securityholders to payment of principal of and Distributions (as described in Perpetual Capital Securities Condition 4) on the Perpetual Capital Securities and any other obligations in respect of the Perpetual Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Relevant Creditors and will rank senior to the Junior Obligations. The Perpetual Capital Securities will rank *pari passu* with Additional Tier 1 Capital Securities and any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Perpetual Capital Securities, as further described in Perpetual Capital Securities Condition 3(b).

Negative Pledge

So long as any Senior Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Subsidiaries (as defined in Note Condition 10(a)) of the Issuer will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Senior Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Senior Notes.

“Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

Events of Default in respect of the Senior Notes

Events of Default for the Senior Notes are set out in Note Condition 10(a).

Default and Rights and Remedies upon Default in respect of the Subordinated Notes

Default events for the Subordinated Notes are set out in Note Condition 10(b). If a Default in respect of the payment of principal of, or interest on, the relevant Subordinated Notes or Coupons occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. If the Issuer shall default in the performance of any obligation contained in the Trust Deed or the relevant Subordinated Notes other than a Default specified in the Note Conditions, the Trustee and the Noteholders shall be entitled to every right and remedy given under the Note Conditions or existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Subordinated Note except as provided in the Note Conditions and the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed, the relevant Subordinated Notes, the payment of such money damages or other restitution shall be subject to the subordination provisions set out in the Note Conditions and the Trust Deed.

Default and Rights and Remedies upon Default in respect of the Perpetual Capital Securities

Default events for the Perpetual Capital Securities are set out in Perpetual Capital Securities Condition 10. If a Default in respect of the payment of principal of, or Distribution on, the Perpetual Capital Securities occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. If the Issuer shall default in the performance of any obligation contained in the Trust Deed or the relevant Perpetual Capital Securities other than a Default specified in the Perpetual Capital Securities Conditions, the Trustee and the Securityholders shall be entitled to every right and remedy given under the Perpetual Capital Securities Conditions or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Perpetual Capital Security except as provided in the Perpetual Capital Securities Conditions and the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed, the relevant Perpetual Capital Securities, the payment of such money damages or other restitution shall be subject to the subordination provisions set out in the Perpetual Capital Securities Conditions and the Trust Deed.

Rating

Each Tranche of Notes issued under the Programme may be rated or unrated. When a Tranche of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.

Listing

Application has been made to the SGX-ST for the listing of the Programme. Application will be made to the SGX-ST for the listing of, permission to deal in, and for quotation of, any Notes issued under the Programme, which are agreed at the time of issue to be so listed, to be listed on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of SGD 200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. The Notes may also be listed on such other or further stock exchange(s) as may be agreed in relation to each Series. Unlisted Notes may also be issued.

Governing Law

As specified in the applicable Pricing Supplement:

- (i) English law, save that the provisions in relation to subordination, set-off and payment void, default and enforcement in respect of both the Subordinated Notes and the Perpetual Capital Securities are governed by and shall be construed in accordance with, Singapore law; or
- (ii) Singapore law.

Taxation

All payments of principal and (i) interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons or (ii) Distributions by or on behalf of the Issuer (in respect of Perpetual Capital Securities only) shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. See “*Taxation*” and any additional taxation provisions set out in the applicable Pricing Supplement.

Selling Restrictions

The United States, the EEA, the UK, Hong Kong, Japan, Singapore and other restrictions as may be required in connection with a particular issue of Notes. See “*Subscription and Sale*” and any additional selling and transfer restrictions set out in the applicable Pricing Supplement.

Risk Factors

There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand, a non-exhaustive summary of which is set out under “*Risk Factors*”.

Legal Entity Identifier (LEI)

H0DVMU0L02TWMCXB1I98

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table presents selected consolidated financial information for the Group which has been extracted or derived from the audited consolidated financial statements of the Group for the years ended 31 December 2019, 2018 and 2017. Such presentation differs in certain respects from the Group's audited consolidated financial statements and from SFRS.

The following information should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2019 and the related notes thereto which are set forth beginning on page F-1 of this Offering Circular and the audited consolidated financial statements as at and for the years ended 31 December 2018 and 2017 and the related notes thereto which are incorporated by reference in this Offering Circular. The audited consolidated financial statements of the Group are prepared in accordance with the SFRS.

CONSOLIDATED INCOME STATEMENT

	For the financial year ended 31 December 2019 (Audited) S\$'000	For the financial year ended 31 December 2018 (Audited) S\$'000	For the financial year ended 31 December 2017 (Audited) S\$'000
Gross premiums	3,941,234	3,631,919	3,555,823
Reinsurance premiums	(45,938)	(33,124)	(43,085)
Net premiums	3,895,296	3,598,795	3,512,738
Fee and other income	27,706	148,951	18,827
Net investment income and fair value gains	3,437,402	140,725	2,868,180
Total	7,360,404	3,888,471	6,399,745
Benefits and claims			
Gross claims, surrenders and annuities	2,558,629	2,645,128	2,745,237
Bonus to policyholders	276,042	266,066	264,933
Increase in insurance contract provisions	3,669,694	335,629	2,573,598
Less: Reinsurers' share of insurance benefits and claims	(15,999)	(15,871)	(8,647)
Net insurance benefits and claims	6,488,366	3,230,952	5,575,121
Expenses			
Interest expenses	35,260	31,495	29,183
Selling expenses	238,945	213,750	196,257
Management expenses	271,781	241,693	233,595
Total claims and expenses	7,034,352	3,717,890	6,034,156
Net operating surplus/(deficit)	326,052	170,581	365,589
Transfer to insurance contract provisions	(48,038)	(64,389)	(10,999)
Contribution to Central Co-operative Fund	(25)	(25)	(25)
Contribution to Singapore Labour Foundation	(18,123)	(21,897)	(14,495)
Share of result of associated companies and joint venture	52,207	70,160	10,814
Net surplus/(deficit) for the year	312,073	154,430	350,884

CONSOLIDATED BALANCE SHEET

	As at 31 December 2019 (Audited) S\$'000	As at 31 December 2018 (Audited) S\$'000	As at 31 December 2017 (Audited) S\$'000
ASSETS			
Property	60,719	10,559	8,531
Intangible assets	72,022	56,706	45,876
Investment properties	1,953,545	1,921,194	1,870,001
Investment in joint venture	153,970	107,075	90,655
Investment in associated companies	658,472	659,326	479,423
Other financial assets	35,356,507	32,610,499	32,076,407
Loans	679,526	692,514	695,975
Derivative financial instruments	221,194	130,249	151,124
Reinsurers' share of insurance contract provisions	45,695	43,302	32,306
Insurance and other receivables	410,646	326,522	280,572
Cash and cash equivalents	676,161	644,554	585,761
Asset held for sale	1,650,541	–	1,220
	41,938,998	37,202,500	36,317,851
LIABILITIES			
Insurance contract provisions	33,733,791	31,378,764	30,645,327
Investment contract liabilities	4,075	7,239	10,454
Derivative financial instruments	84,256	67,551	79,302
Borrowings	1,063,949	1,016,726	1,015,693
Insurance and other payables	1,552,280	1,204,046	1,109,312
Liabilities held for sale	1,644,794	–	–
	38,083,145	33,674,326	32,860,088
Net Assets	3,855,853	3,528,174	3,457,763
SHARE CAPITAL AND RESERVES			
Share capital	988,459	988,379	988,083
Treasury shares	(14,159)	(14,159)	(14,159)
Reserves for future distribution	150,240	500,142	513,721
Fair value reserve	113,805	40,386	72,649
Accumulated surplus	2,611,299	2,007,790	1,892,360
Total equity excluding non-controlling interest	3,849,644	3,522,538	3,452,654
Non-controlling interest	6,209	5,636	5,109
Total equity	3,855,853	3,528,174	3,457,763

RISK FACTORS

The Issuer believes that the following factors may affect its business and/or its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Prospective investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular and reach their own views prior to making an investment decision. Any of the following risks could materially and adversely affect the Group's business, financial condition or results of operations and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the Group faces. Additional risks and uncertainties not currently known to the Group, or that it currently deems to be immaterial, may also materially and adversely affect the Group's business, financial condition or results of operations.

Risks Relating to the Group's Operations and the Insurance Industry

Difficult conditions in the global capital markets and the general economy may materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

Trade friction remains elevated among the largest trading partners in the world, the U.S. and China, with potential negative impact on global growth. Volatility in China's growth or downside risks such as a credit crunch could have a considerable impact on regional economies and commodity prices. The slower growth trajectory of the U.S. could leave the economy more vulnerable to a large negative confidence shock. Growth and financial performance in emerging markets, Asia and trade-exposed economies such as Singapore are particularly vulnerable to disruptions to global trade flows, capital flows, business investments and global supply chains in the event of an escalation in trade tensions or a protracted slowdown. There is less fiscal and monetary policy space for policymakers in developed economies to respond to the next slowdown as compared to the last global shock. This could potentially result in a more prolonged recession if the global economy experiences another negative growth shock. Geopolitics also continues to be an area of concern, including ongoing threats of terrorism, instability in the Middle East and tensions in the Korean peninsula. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict the Group's access to capital. These conditions have resulted in higher historic volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets.

Significant dislocations and liquidity disruptions in the United States and Europe in recent years have created increasingly difficult conditions in the financial markets. In addition, global markets have experienced significant volatility in recent years and growth in major economies has slowed moderately toward their longer-term growth rates. On 29 March 2017, the UK issued a formal notification of its intention to withdraw from the European Union and withdrew from the European Union on 31 January 2020 under the terms of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the "**Withdrawal Agreement**"). Following the UK's departure from the European Union, there is a "transition period" ending 31 December 2020 during which almost all European Union law will continue to apply to the UK as if it were a Member State of the European Union, with limited exceptions. The Withdrawal Agreement allows for this "transition period" to be extended by one or two years if both the European Union and the UK agree to such extension before 1 July 2020, but this "transition period" has not been extended as at the date of this Offering Circular. In that scenario, among other things, the trading relationship between the UK and the

European Union will be governed by whatever agreement the two parties can reach in the course of 2020. On that short timetable, the UK and the European Union are likely to focus on ensuring tariff-free trade but it is unclear whether there would be any formal regulatory alignment between the UK and the European Union rules after 1 January 2021. In the unlikely event that the UK leaves the European Union without any form of agreement or arrangement, so called “hard Brexit”, the UK will be separated from the European Union from a regulatory perspective upon the expiry of the “transition period” and lose the benefits and obligations of European Union membership. Until there is further clarity on how the future relationship between the UK and the European Union will be governed after the “transition period”, it is not possible to determine the impact that the withdrawal process may have on the wider global financial markets or the business of the Group.

In December 2019, a novel strain of coronavirus, COVID-19, surfaced in Wuhan City, Hubei Province, China and the World Health Organisation declared the outbreak a pandemic on 12 March 2020. There have been border controls and travel restrictions imposed by various countries as a result of the COVID-19 outbreak. This outbreak of an infectious disease together with any resulting restrictions on travel and/or imposition of quarantine measures has resulted and may continue to result in protracted volatility in international markets and/or may result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains and may adversely impact the operations, revenues and profitability of the Group. In particular, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and impacted economic activity worldwide. A number of governments (including the Singapore government) have revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession which may have a material adverse effect on the Group’s business, financial conditions, results of operations, prospects and profitability.

A number of governments (including the Singapore government) have also introduced and may continue to introduce support and relief measures in response to the COVID-19 outbreak. For example, the Singapore government has released four budget packages, namely the S\$6.4 billion Unity Budget on 18 February 2020, the S\$48 billion Resilience Budget on 26 March 2020, the S\$5.1 billion Solidarity Budget on 6 April 2020 and the S\$33 billion Fortitude Budget on 26 May 2020, as part of its support and relief measures in response to the COVID-19 pandemic. In addition, the COVID-19 (Temporary Measures) Act 2020 was passed in April 2020 and introduces certain relief for individuals and businesses in financial distress as a result of the ongoing COVID-19 pandemic. However, there is no assurance that such support packages will be effective in improving the state of the local and global economy.

While the Group maintains solvency levels above the regulatory requirement and MAS has introduced transitional solvency relief measures which will continue until the end of 2020, the market volatility arising from the Covid-19 outbreak, particularly with respect to falling yields and equity values, has had and may continue to have a material impact on the solvency position for the Group. While the Group has prepared solvency contingency plans which have been approved by the board of directors to ensure the Group continues to meet its regulatory solvency requirements, in the event of a continued market downturn and/or sustained market volatility, there is no assurance that the Group’s business, financial conditions, results of operations, prospects and profitability would not be materially affected.

A prolonged downturn in the credit markets and continued uncertainty and market volatility may materially and adversely affect the Group’s business, financial conditions, results of operations, prospects and profitability. In particular, a slowdown in consumer spending, business investment, government spending and concerns over inflation, geopolitical issues, unemployment, the availability and cost of credit and declining asset values may adversely affect the demand for the Group’s financial and insurance products and decrease significantly the market value of its investment portfolio. Furthermore, the Group may face an elevated incidence of claims or

surrenders of policies. The occurrence of any of the above could have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

Fluctuations in fixed income, equity and other markets may materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

Investment returns are an important part of the Group's overall profitability. Fluctuations in the financial markets, including the equity markets and fixed income markets, may have a material adverse effect on the Group's business, cash flows, financial conditions, results of operations, prospects and profitability. In addition, a default by a major market participant or a significant act of terrorism could have a negative impact on the securities markets.

The return on the Group's fixed income investments has been and is subject to fluctuations in credit spreads, among other factors. Such fluctuations affect, *inter alia*, the Group's interest income and the market values of the fixed income securities in the Group's investment portfolios, which will result in corresponding capital gains or losses. Fluctuations in credit spreads and returns from equity markets may also impact customer demand for a number of the products currently offered by the Group, particularly demand for its investment-linked and annuity products.

Fluctuations in the securities markets could result in investors withdrawing capital from the markets, decreasing their rate of investment or surrendering life insurance policies, any of which could adversely affect the Group's sales of life insurance and other investment products and may adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

Fluctuations in interest rates may materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

The Group's profitability is affected by changes in interest rates. During periods of declining interest rates, the average investment yield of the Group's fixed interest-bearing investments will decline as maturing fixed interest-bearing investments, such as bonds and loans, are redeemed or repaid and are replaced with new investments with lower yields. As a result, a decline in interest rates would reduce the Group's return on investments, which could materially reduce its profitability, regardless of whether such investments are used to support particular insurance policy obligations. For products with guaranteed return features, a decline in interest rates could reduce the rate of return the Group is able to earn on investments supporting the obligations under these products. On the other hand, during periods of rising interest rates, although the increased investment yield increases the returns on the Group's investment portfolio, surrenders and withdrawals of policies may increase as policyholders seek investments with higher perceived returns. While historical rates of policy surrender for the Group have been low and stable, this process may nonetheless result in cash outflows and may require the Group to sell investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realised capital losses. Should there be a persistent low interest rate environment, this could result in continued lower interest rates on the Group's investments and the Group's average yield on investments could be adversely affected.

For some of its long-term life insurance policies, the Group is obligated to pay a minimum interest or crediting rate to its policyholders, which is determined when the product is priced. These products expose the Group to the risk that changes in interest rates may reduce the Group's spread, or the difference between the rates the Group is required to pay under the policies and the rate of return the Group is able to earn on its investments supporting its insurance obligations. If the rates of return on its investments fall below the minimum rates the Group guarantees under such insurance products, the Group's business, financial conditions, results of operations, prospects and profitability may be materially and adversely affected.

In addition, in order to reduce its exposure to changes in interest rates, the Group seeks to match the duration of its assets and related liabilities. However, the availability of assets of suitable duration or alternatives in the form of derivative instruments may be restricted by applicable insurance laws, rules and regulations or other market factors. If the Group is unable to closely match the duration of its assets and liabilities, the Group will be exposed to interest rate changes, which may materially and adversely affect its business, financial conditions, results of operations, prospects and profitability.

A mismatch between the Group's assets and liabilities due to circumstances outside its control could increase its exposure to interest rate risk.

The Group seeks to match the duration of its assets to their related liabilities by focusing on product offerings whose maturity profiles are in line with the duration of investments available to it. However, it may not be possible for the Group to hold assets which will provide cash flows to exactly match those relating to policyholder liabilities. For instance, in relation to the Group's participating business which consists mainly of long-term endowment plans and whole-of-life plans, the duration of liabilities is around 6 years longer than the corresponding asset duration. This duration mismatch creates a solvency exposure to falling investment yields. The Group's ability to invest in financial instruments that would enable it to closely match the duration and yield of their respective investment assets and insurance policy liabilities may be limited by applicable insurance laws, rules and regulations in Singapore. Further, the Singapore market may not offer, or have only a limited availability of, long-duration investment assets with appropriate yields. Due to the long-term nature of the liabilities associated with certain life insurance businesses, and guaranteed benefits on certain long-term insurance, sustained declines in long-term interest rates may substantially increase the present value of the Group's future liabilities. In other situations, declines in interest rates may result in increases in the duration of certain life insurance liabilities, creating asset liability duration mismatches. If the Group is unable to match closely the duration of its assets and liabilities, it will be exposed to interest rate changes and reinvestment risks, which may materially affect its business, financial conditions, results of operations, prospects and profitability.

The Group may not achieve its strategic growth plans.

The Group will seek opportunities to expand in select areas, such as by line of business and products, while continuing to reduce targeted portfolios of business in select areas, and pro-actively engaging with clients to address profitability issues or reduce participation if required, enabling capital to be selectively deployed towards other strategic priorities. The Group will also seek opportunities to capitalise on its market position and experience in structuring risk transfer solutions. However, there can be no assurance that the Group would be able to execute its strategies as planned. The Group operates in a highly competitive market. Its competitors include life and non-life insurance companies, mutual fund companies, banks and investment management firms of various sizes, of which some may have greater financial resources and/or have been in the insurance business for a longer time. The Group is also subject to non-traditional competitors entering into the insurance industry and competing with the Group. Certain competitors have relationships with some of the Group's current or potential customers, making it more difficult for the Group to increase its sales base. In addition, given the potential changes in consumer purchase behavior, the Group also faces the risk that its existing customers may seek products with different features, coverage and investment performance that it does not offer. Competition in the insurance industry is based on many factors, including the overall financial strength of the insurer, expertise, local presence, reputation, experience and qualifications of employees, client relationships, products and services offered, premiums charged, contract terms and conditions and speed of claims payment. Should the Group's existing market share be reduced or should its profit margins be lowered as a result of the Group not being able to compete in any of the factors aforementioned, its business, financial condition, operational results and prospects could be adversely affected.

The Group has seen competitors with a strong online presence gaining more market share and becoming more prominent as a result of increasing rise in the popularity of digital insurance. Accordingly, in order to compete effectively with its competitors, the Group continues to focus and invest strategically in technological innovation across its business, especially in the field of digital analytics (including partnerships with digital leaders), smart analytics and cognitive computing, to enhance its value proposition and support growth. This includes modernizing and integrating its information technology architecture as well as pursuing innovative initiatives. Investment in technological innovation can be costly and the Group may not realise the expected benefits or create sufficient value from such investments as planned and on a timely basis, including as a result of factors beyond its control.

The Group may be unable to achieve its goals for growth as planned and on a timely basis, and the Group may be unable to recoup expenditures to the extent it is unable to achieve its goals. The Group's ability to achieve its strategic growth plans may be curtailed by regulatory capital requirements, among other things. Depending on the particular opportunity, failure to achieve its strategic goals could have an adverse impact on its competitive position and on its results. In the short-term, pursuit of growth initiatives is likely to have an impact on costs.

The Group is dependent on the strength of its brand and its reputation with customers and agents in the sale of products and services.

The Group's success and results are, to a certain extent, dependent on the strength of the NTUC Income brand and reputation. It operates in an industry where integrity and customer trust and confidence are paramount. The Group is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential client information, inadequate services, amongst others, whether or not founded, could impact its brand or reputation. The Group's reputation could also be affected if products or services recommended by it (or any intermediaries) do not perform as expected (whether or not the expectations are founded) or in line with the customers' expectations for the product range. Maintaining, promoting and positioning the NTUC Income brand will depend largely on its ability to provide consistent, high quality products and services to its customers. The Group is licensed to use trademarks and logos relating to the NTUC brand and the termination of such licenses and/or failure to maintain the NTUC Income brand could adversely affect its competitive advantage as well as its business, financial conditions, results of operations, prospects and profitability.

The Group is exposed to information technology and cybersecurity risks.

The Group is dependent on information technology ("IT") systems for its business. The proper functioning of the Group's financial controls, accounting, customer database, customer service and other systems, including those relating to underwriting and claims processing, depends on the stability of its IT systems. Although the Group maintains back-up systems designed to be activated in the event of failure, there is no assurance that such systems will not be simultaneously damaged or destroyed in the event of a major disaster. The IT systems may be vulnerable to damage or interruptions in operation due to fire, power loss, telecommunications systems failures, physical break-ins, a significant breakdown in internal controls, fraudulent activities by employees, failure of security measures or back-up systems, or other events beyond the Group's control. Any such failure in the IT systems may have a material adverse impact on the Group's business, financial conditions, results of operations, prospects and profitability.

In addition, the Group is exposed to risks of cybersecurity threats, data privacy breaches as well as other network security risks. The scale and level of sophistication of cybersecurity threats have increased especially in recent times. The Group is exposed to the risks of cyber-attacks that can cause disruptions to the services provided to customers, and cyber-attacks leading to manipulation or thefts of sensitive and/or confidential information may result in litigation actions from customers and/or regulatory fines and penalties or may have an adverse impact on the reputation of the Group.

Further, concerns around data privacy have been escalating, with the governments in many countries enacting laws and regulations relating to data privacy. In Singapore, the Personal Data Protection Act 2012 imposes certain obligations on the Group surrounding its collection, use or disclosure of personal data. The Group handles personal information obtained from its customers as part of its businesses. While the Group seeks to protect the data privacy of its customers in its networks and systems infrastructure, the controls the Group has implemented to protect the confidentiality of personal information may not be effective in preventing unauthorised disclosure of personal information. Significant failure of security measures may undermine customer confidence and result in litigious actions from customers and/or regulatory fines and penalties. Failure of security mechanisms may also result in the imposition of additional regulatory measures relating to the security and privacy of customer data, which may lead to the Group using significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures, and which may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group may not be able to recruit, motivate and retain agents to distribute its products.

The Group's agents comprising its financial adviser representatives selling the Group's products is a key distribution channel. The Group depends on the recruitment of new agents and the retention and incentivisation of its existing agents to maintain and increase its market share. Moreover, the Group faces intense competition from other companies to recruit new agents and retain its existing agents. Any failure by the Group to recruit, retain and motivate agents may result in lower sales volume and could have a material adverse effect on the Group's ability to maintain and increase its premium volume and market share, and may therefore adversely affect its business, financial conditions, results of operations, prospects and profitability.

Any inability to attract and retain talented professionals may adversely impact the Group's business, financial conditions, results of operations, prospects and profitability.

The operations and profitability of the Group's business are dependent to a large extent on its ability to attract and retain key personnel who have in-depth knowledge and understanding of the insurance markets in which it operates, including members of its senior management, actuaries, information technology specialists, experienced investment managers and finance professionals, underwriting personnel, sales staff and other personnel.

Whilst the Group recognises the importance of human capital and the desirability of developing and retaining key personnel, key personnel may resign or retire for reasons out of the Group's control and the loss of key employees may have an adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability. The Group's business could suffer if it loses the services of key personnel and cannot adequately replace them. The Group cannot make any assurances that it will be able to attract and retain qualified personnel or that they will not retire or otherwise leave the Group in the near future. If this were to happen, the Group's business, financial conditions, results of operations, prospects and profitability may be adversely affected.

Actual experience may differ from assumptions used in product pricing which can have an impact on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group's results of operations and profitability depend in large part upon the extent to which actual experience is consistent with the assumptions that the Group use in setting the prices for its products and in establishing its reserves. The assumptions used in pricing the Group's various insurance products may differ from actual developments in the future. The Group prices its products based on actuarial practices and assumptions, including mortality and morbidity rates, estimated premiums it will receive, policyholder lapses, future expense levels, macroeconomic factors such as interest rates and inflation and investment returns on the assets it purchases. Although the Group draws on its annual experience studies and reviews to decide on the bases for reserving and pricing of products, the process involves a high degree of judgement, and there inevitably remains uncertainty about future longevity and persistency that cannot be removed. To the extent that actual experience is different from such assumptions, and actual liabilities deviate significantly from the Group's estimate and product pricing, the Group's ability to service its obligations and its business, financial conditions, results of operations, prospects and profitability may be impacted.

The Group's business is highly regulated and changes to regulation of its businesses may adversely affect its business, financial conditions, results of operations, prospects and profitability.

The Group is subject to detailed and comprehensive supervision and regulation by the MAS. Its insurance operations are subject to insurance laws and regulations which are generally intended to protect policyholders (including through solvency measures) rather than shareholders or creditors. Such laws and regulations give regulatory bodies control over many aspects of the Group's business, including taxes, product pricing, premiums, marketing and selling practices, solvency and capital adequacy requirements. The MAS and other regulators regularly review the Group's operations and there can be no guarantee that any regulator will agree with the Group's internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning, other measures of the safety and soundness of its operations or compliance with applicable laws, regulations or regulatory policies. The Group's ability to predict future legal or regulatory changes is limited and the Group may face greatly enhanced legal or regulatory burdens without advanced notice.

The operations of the Group are subject to various other laws and regulations such as those relating to customer data privacy and protection and anti-money laundering, anti-bribery and corruption, workplace safety and health, public order and safety, cybersecurity. Changes in existing laws, regulations, regulatory policies, including their interpretation or application may materially affect the way in which the Group conducts its business and the products it may offer. In addition, the Group may face adverse legal or regulatory actions and higher compliance costs from the increased review and scrutiny. Regulators may find that the Group is not in compliance with applicable laws, regulations or regulatory policies or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against the Group. If taken, such formal or informal actions might force the Group to make additional provision for the Group's non-performing assets, divest the Group's assets, adopt new compliance programmes or policies, remove personnel or undertake other changes to its business operations. Any of these changes, if required, may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability. In addition, failure to comply with any of the applicable laws, rules and regulations could result in fines, suspension of the Group's licence or, in extreme cases, revocation of its licence, each of which would have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group may not always be able to detect or prevent fraud or other misconduct by its employees, agents, customers or other third parties.

The Group is vulnerable to fraud, mis-selling and other misconduct committed by its employees, agents, customers or other third parties. For instance, the Group's employees may bind the Group to transactions that exceed authorized limits or present unacceptable risks, hide unauthorized activities, neglect to carry out its duties properly, conduct improper sales activities, improperly use confidential information or otherwise abuse customer confidences. Third parties may engage in fraudulent activities, such as insurance fraud. While the Group has implemented measures aimed at detecting and preventing employees' and outside parties' fraud, mis-selling and other misconduct, the Group may not always be able to do so in a timely manner. In addition, fraud and other misconduct are often difficult to prevent or detect and the Group may not be able to recover the losses caused by these activities. The Group's inability or perceived inability to manage these risks could lead to ensuing inquiries or investigations and enhanced regulatory oversight and scrutiny. The occurrence of any of the above may materially and adversely affect the Group's reputation or its business, financial conditions, results of operations, prospects and profitability.

Catastrophic events or health epidemics, which are unpredictable by nature, could materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

The Group is exposed to risks arising out of catastrophic events, which are unpredictable by nature. Catastrophes can be caused by various natural hazards, including typhoons, floods, earthquakes, severe weather, fires and explosions. Catastrophes can also be man-made, such as terrorist attacks, wars, industrial or engineering accidents or outbreak of communicable diseases and pandemic. A catastrophic event or multiple catastrophic events may cause unexpected large losses and may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability. Should such events occur, there can be no assurance that the Group's efforts to protect itself against catastrophic losses, such as the diversification of business written, the use of selective underwriting practices, the use of quantitative models, prudent reserving, the monitoring of risk accumulations and risk protection arrangements, will prove to be adequate. In addition, other events that are outside the control of the Group, such as fire, deliberate acts of sabotage, vendor failure or negligence, industrial accidents, blackouts, terrorist attacks or criminal acts, could damage, cause operational interruptions to, or otherwise adversely affect any of its facilities and activities, as well as, potentially cause injury or death to its personnel. There is no assurance that the occurrence of such natural catastrophes, severe weather conditions, other acts of God or other uncontrollable events will not materially disrupt business, financial conditions, results of operations, prospects and profitability of the Group. In the Group's group insurance business, a localised event that affects the workplace of one or more of its group insurance customers could cause a significant loss due to an increase in mortality or morbidity claims. Catastrophes could also result in losses in the Group's investment portfolios, due to, among others, the failure of the Group's counterparties to perform or significant volatility or disruption in financial markets, any of which could adversely affect the business, financial conditions, results of operations, prospects and profitability of the Group.

For instance, a health epidemic or pandemic outbreak of infectious disease such as COVID-19, severe acute respiratory syndrome, the H5N1 strain of bird flu and the H1N1 influenza, Ebola, Zika virus, Middle East Respiratory Syndrome or other similar endemic or pandemic outbreaks of infectious disease can adversely affect the Group's operations and its business, such as in respect of health and life insurance.

In response to the COVID-19 outbreak, governments around the world have introduced measures designed to slow the spread of COVID-19, including strict border control and travel restrictions and ordering residents to stay at home with a limited range of exceptions. In Singapore,

“circuit-breaker” measures were implemented by the Singapore government on 7 April 2020. These measures ended on 1 June 2020 and from 2 June 2020 to 18 June 2020 under “Phase One” post “circuit-breaker”, Singapore gradually re-opened economic activities that do not pose a high risk of transmission and more businesses and workplaces were allowed to resume operations. From 19 June 2020 under “Phase Two” post “circuit-breaker”, the vast majority of economic activities have been allowed to resume in Singapore, subject to safe-distancing measures.

As a result of the “circuit-breaker” measures that were in force, NTUC Income closed all its branches temporarily from 16 April 2020 to 1 June 2020 and also suspended the Group’s Orange Force accident response team, which was established to assist its policyholders in the event of motor accidents, from 16 April 2020 until further notice. During “Phase One” post “circuit-breaker”, NTUC Income opened its service branch at Bras Basah with safe management measures to serve customers via appointments only, with limited number of walk-in customers daily. From 1 July 2020, which falls within “Phase Two” post “circuit breaker”, the service branches at Ang Mo Kio Hub and Westgate were opened with safe management measures to serve customers via appointments only, with a limited number of walk in customers daily, while the remaining branches, including the Motor Service Centre, and the operations of the Group’s Orange Force, are intended to gradually resume in time.

Although online insurance services remain available, the Group’s closure of its branches and travel restrictions imposed during the “circuit-breaker” period have led to restricted face-to-face engagements with its customers and resulted in lower sales. Moreover, precautionary measures put in place such as cleaning and disinfecting common areas, ensuring logistics and operational readiness to provide assistance to its customers have resulted in and will continue to result in higher operating expenses for the Group. Even after the “circuit-breaker” restrictions are lifted, there might be a period of significantly reduced economic activity, potential increased unemployment and reduced consumer spending as a result of customers reprioritising their investment and financial planning decisions, all of which may adversely affect the business, financial conditions, results of operations, prospects and profitability of the Group.

The COVID-19 outbreak has the potential to affect a significant percentage of the Singapore’s population, causing a high level of sickness and an increase in mortality rates, which may result in significant exposure to mortality and morbidity risk, which may lead to increased claims on the Group health and life insurance policies.

In February 2020, the Group provided close to 27,000 individuals insured by its personal accident plans with infectious disease cover, and over 500,000 employees of organisations insured by its group employee benefits policies, additional COVID-19 cover at no additional premium for a period of six months and three months, respectively. To further support lower-income households in Singapore, the Group also extended COVID-19 benefits to the Income Family Micro-Insurance Scheme (“**IFMIS**”), which offers insurance protection, at no premium, to almost 29,000 eligible individuals. IFMIS covers any eligible parent or guardian of a child or ward who is enrolled at NTUC First Campus’ My First Skool or studying at a local primary school and a recipient of the Ministry of Education’s financial assistance scheme.

NTUC Income has also launched seven support schemes that are either open for application or applicable to life or health insurance policies that have a premium due date or policy renewal date between 1 April 2020 to 30 September 2020. The support schemes are designed to extend assistance to low-income customers as well as individual policyholders who have been adversely affected by COVID-19, including those that have been retrenched, placed on no-pay leave, suffering from loss of income or have closed their businesses involuntarily. Such affected policyholders also include corporate customers who are facing financial difficulties, so that the cash-flow of their businesses can be redirected to sustain their businesses and employment, while they are assured that they, their employees and businesses remain protected. Two of the support schemes are funded by NTUC Income and are targeted at low-income customers. For eligible

customers whose regular premium plans have lapsed due to financial difficulties, NTUC Income offers a low-cost temporary protection plan to replace the lapsed policy with the option of a guaranteed reinstatement of the previous policy, within a year and without underwriting, should the customer's financial situation improve. NTUC Income also offers premium payment deferment and instalment schemes to eligible customers who wish to further ease their cash-flow for six months, if they hold an eligible life and health policy or general insurance plan respectively. For eligible corporate customers, the premium instalment scheme also applies and customers remain insured during the payment deferment or the instalment period.

NTUC Income also offers motorcycle policyholders a 20% discount on their premiums if such policyholders have registered their vehicle for delivery business. In addition, NTUC Income has waived endorsement fees for its private-hire motor insurance to allow food and parcel deliveries for all existing and new taxi, private-hire fleet and individual private-hire vehicles until end June 2020.

The discounted premiums as aforementioned, the seven support schemes and any claims on the Group's insurance policies, including under the additional COVID-19 cover, offered by the Group as a result of the COVID-19 outbreak could potentially affect the business, financial conditions, results of operations, prospects and profitability of the Group.

As at 30 June 2020, there has been no material impact on the Group's business as a result of the discounted premiums as aforementioned, the seven support schemes and claims arising from, among others, the additional COVID-19 cover, offered by the Group. As the COVID-19 outbreak is ongoing, the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, financial conditions, results of operations, prospects and profitability will depend on, among other things, the duration and impact of the COVID-19 outbreak.

The Group is exposed to liquidity risk for certain of its investments.

There may not be a liquid trading market for certain of the Group's investments, such as privately placed fixed income securities, structured securities, private equity investments and real estate investments. The liquidity of trading markets is affected by numerous factors, including the existence of suitable buyers and market makers, market sentiment and volatility, the availability and cost of credit and general economic, political and social conditions..

Due to the size of some of the Group's fixed income investment holdings relative to the size and liquidity of the relevant market, the Group's ability to sell certain securities without significantly depressing market prices, or at all, may be limited. If the Group were required to dispose of these or other potentially illiquid assets on short notice, the Group could be forced to sell such assets at prices significantly lower than the prices the Group has recorded in its consolidated financial statements, which could in turn affect the business, financial conditions, results of operations, prospects and profitability of the Group.

The Group may require financing or additional capital from time to time and the Group's ability to obtain such financing or additional capital depends on several factors, such as favourable market conditions.

The Group may require financing or additional capital in the future in order for it to, amongst other things, to expand its business, offer new products and services, conduct investment activities, meet its liquidity needs and/or meet its regulatory capital adequacy requirements. The Group's ability to borrow in the bank or the debt or equity capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors have, in the recent past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions,

industries or economic sectors, in turn threatening affected companies, financial systems and economies. In recent years, credit markets worldwide have experienced periods of significant volatility including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. The functioning of financial markets has also become increasingly impaired and financial volatility has increased substantially. Dislocations, market shifts, increased volatility or instability in the global credit and financial markets have in recent years affected the availability of credit and at times led to an increase in the cost of financing. The Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding or reduce the Group's flexibility to recapitalise in the future. If sufficient sources of financing are not available in the future for these or other reasons, the Group may not be able to meet the financial requirements of the Group. There can be no assurance that the Group will be able to raise financing or obtain additional capital in a timely manner or on favourable terms or at all or that it will be able to obtain the necessary regulatory approvals in a timely manner or at all. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements. This could materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

Moreover, future debt financing could include terms that restrict the Group's financial flexibility or restrict its ability to manage its business freely. If it is unable to raise the capital required by its businesses on commercially acceptable terms or at all, or experiences any delays in raising such funds, there could be an adverse effect on its business, financial conditions, results of operations, prospects and profitability.

Risk management policies and procedures may not allow the Group to fully identify, anticipate or manage all risks, which could negatively affect the business, financial conditions, results of operations, prospects and profitability of the Group.

The management of risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. The Group has devoted significant resources to developing risk management policies and procedures and expects to continue to do so in the future. Nonetheless, these policies and procedures may not be comprehensive and the Group's risk management procedures cannot anticipate every economic and financial outcome or the specifics and timing of the realisation of each risk. Many of the methods for managing risk and exposures are based upon the use of observed historical market behaviour or statistics based on historical models. As a result, these methods may not fully predict future exposures, which can be significantly greater than what historical measures indicate, particularly in volatile markets and environments. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrences or other matters that is publicly available or otherwise accessible to the Group. This information may not always be accurate, complete, up-to-date or properly evaluated.

If the Group fails to adequately manage unknown or unexpected risks that turn out to be material to its business, it could experience harm to its business which would have an adverse effect on its business, financial conditions, results of operations, prospects and profitability.

The Group is subject to the credit risk of its investment counterparties, including the issuers or borrowers whose securities or loans it holds.

Issuers or borrowers whose securities or loans that the Group holds may default on their obligations. Significant unanticipated and systemic incidence of unrecoverable debts will have an adverse impact on the Group's business, financial conditions, results of operations, prospects and profitability. The Group's investment portfolio includes investment in the financial services sector and other market sectors that have recently experienced significant price fluctuations and defaults. Action, such as nationalisation and other intervention, by governments and regulatory bodies in response to financial and other crises could negatively impact these instruments,

securities, transactions and investments. Moreover, certain portions of the Group's investment portfolio may not be rated by independent parties and this may affect the Group's ability to evaluate the risks of these investments. Deterioration in the credit quality and the widening of credit spreads of the Group's investment securities which may result in realised losses, defaults on the securities, or governmental action involving the issuers of such securities may have a material adverse effect on its financial condition and results of operations, as well as its liquidity and profitability.

In addition, the Group cannot make any assurances that it will not suffer losses due to defaults from certain counterparties related to its investment activities, such as trading counterparties, counterparties under swaps and other derivative contracts and other financial intermediaries and guarantors. Any such losses may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group faces the risk of litigation, regulatory investigations and other proceedings in relation to its business.

The Group faces the risk of litigation or other proceedings in relation to its business. The outcome of litigation and other proceedings may potentially expose the Group to unexpected costs and losses, reputational and other non-financial consequences, as well as take up management time and resources. For example, the outcome of litigation and other proceedings may not correspond to the manner in which it is perceived by the market, and the reputation of the Group may thus be impacted in a way which adversely affects its business, financial conditions, results of operations, prospects and profitability. Further, the consequences of such proceedings for the Group's regulated business may be to expose the Group to increased regulatory scrutiny and to accept constraints which involve additional cost or otherwise put the business at a competitive disadvantage. Additionally, it is possible that the regulator may conduct a review of products previously sold, either as part of an industry-wide review or specific to the Group. The result of this review may be to compensate customers for losses they have incurred as a result of the products that were sold.

Substantial legal liability arising in relation to such litigation or other proceedings could have a material adverse effect on the reputation of the Group or the Group's business, financial conditions, results of operations, prospects and profitability.

The inability of reinsurers to meet their obligations may have an adverse impact on profitability and financial position of the Group.

The Group transfers exposure to certain risks to others through reinsurance arrangements. Under such arrangements, reinsurers assume a portion of the losses and expenses associated with reported and unreported losses in exchange for a premium. The availability, amount and cost of reinsurance depends on general market conditions and may vary significantly. The Group may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect the ability to write future business.

When the Group obtains reinsurance, it remains primarily liable for the reinsured risks without regard to whether the reinsurer will meet its reinsurance obligations to the Group. As a result, the Group is exposed to credit risk with respect to reinsurers in its insurance business. In particular, a default by one or more of the Group's reinsurers under its reinsurance arrangements would increase the financial losses arising out of a risk the Group has insured, which would reduce its profitability and may have a material adverse effect on its liquidity position. There can be no assurance that the Group's reinsurers will always be able to meet its obligations under reinsurance arrangements on a timely basis, if at all. Therefore, the inability or unwillingness of the Group's reinsurers to meet their financial obligations or disputes on, and defects in reinsurance contract wording or processes, could materially affect the operations of the Group.

Although the Group manages its reinsurance exposure via its risk management and reinsurance strategies, reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years. As a result of financial market conditions and other macro-economic challenges that have recently impacted the global economy, reinsurers may experience increased regulatory scrutiny, serious cash flow problems and other financial difficulties. In addition, reinsurance may prove inadequate to protect against losses. Due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable ratings, the Group is exposed to concentrated credit risk from individual reinsurers. If a catastrophic event or the inability to meet financial obligations caused these reinsurers to default, the Group's business, financial conditions, results of operations, prospects and profitability could be significantly affected.

The Group's business and performance of its insurance operations are dependent on the productivity and effectiveness of its distribution and marketing channels and failure to secure new distribution relationships or any termination of or disruption to the Group's existing distribution relationships may have a material adverse effect on its competitiveness and its business, financial conditions, results of operations, prospects and profitability.

The Group has historically relied on its branch network and financial advisers channels as the primary channel for the distribution and marketing of its products. In relation to its financial advisers channel, the Group has have experienced, and expect to continue to experience, turnover among its financial planners, including experienced financial planners. Significant competition exists in the insurance industry for experienced financial planners with demonstrated ability to successfully sell insurance products. If the Group is unable to retain, motivate and manage its core group of highly productive financial planners, or if it is unable to recruit and train productive new financial planners, the Group's business and performance could be materially and adversely affected.

The Group has also entered into bancassurance arrangements with its bank partners, pursuant to which such bank partners market and distribute the Group's insurance products through their branches. The Group also utilise its direct marketing channel to distribute insurance products through online marketing.

If the Group is unable to retain and build on its core group of highly productive financial planners or if the Group fails to continue to successfully utilise its branch network, bancassurance and other marketing channels, the Group's business, financial conditions, results of operations, prospects and profitability may be materially and adversely affected.

Besides the primary channel for the distribution and marketing of its products as described above, the Group has increasingly focused on developing its sales through alternative distribution and marketing channels. Access to alternative distribution and marketing channels is subject to similar competition described above. As alternative distribution and marketing channels become increasingly important in the Singapore life insurance industry, if the Group fails to secure new distribution and marketing relationships or to maintain its existing relationships, the Group's competitiveness, business and performance may be materially and adversely affected.

For instance, digitalisation has led to potential changes in the productivity and effectiveness of its distribution and marketing channels. While the Group has a diverse distribution network, including branch network, bancassurance and other marketing channels such as online marketing, there can be no assurance that the Group can maintain the productivity and effectiveness of its distribution and marketing channels or that the Group can adapt effectively to changes in consumer's preferences for distribution and marketing channels. Any failure to do so may lead to a material and adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

To the extent that the Group is unable to maintain its existing distribution and marketing relationships or secure new distribution and marketing relationships, it may not be able to maintain or grow its premiums, and its business, financial conditions, results of operations, prospects and profitability may be materially and adversely impacted.

Compliance with solvency and risk-based capital requirements may require the Group to raise additional capital, change its business strategy or reduce its growth.

Insurance companies are generally required to maintain their solvency at a level in excess of statutory minimum standards. The Group's solvency is affected primarily by the solvency margins that it is required to maintain, which are in turn affected by the volume and type of new insurance policies it sells, the composition of its in-force insurance policies and by regulations on the determination of statutory reserves. The Group's solvency is also affected by a number of other factors, including the profit margin of its products, returns on its assets and investments, interest rates, underwriting and acquisition costs, and policyholder and shareholder dividends.

The regulatory framework in Singapore currently utilises a risk-based capital regime. Compliance with any changing solvency and capital requirements will entail costs to the Group. For instance, the transition to the risk-based capital 2 regime framework issued by the MAS led to an increase in capital requirements. Such increase in capital requirements may result in increased solvency exposure to falling yield levels. While the Group is in compliance with the capital adequacy requirements under the risk-based capital 2 regime framework, any future changes in the regulatory framework relating to solvency and capital requirements, including their interpretation or application may materially affect the way in which the Group conducts its business. In order to comply with changes to solvency and risk-based capital requirements, the Group may need to change its business strategy, including the types of products it sells and how it manages its capital. For example, if capital requirements are increased in the future, the Group may need to raise or inject additional capital to meet its solvency and capital requirements, which may be dilutive to its shareholders. In addition, compliance with changes to solvency and risk-based capital requirements may require the Group to slow down the growth of its business. For more details on the solvency and risk-based capital requirements that the Group will need to comply with, please refer to the section "*Supervision and Regulation*" of this Offering Circular.

The cyclical nature of the insurance industry may cause fluctuations in the Group's results.

Historically, the insurance industry has been cyclical and operating results of insurers have fluctuated because of volatile and sometimes unpredictable developments, many of which are beyond the direct control of any insurer. Although the Group has a wide range of products, it expects to experience the effects of this cyclical nature, including changes in sales and premium levels. The unpredictability and competitive nature of the general insurance business has contributed historically to significant quarter-to-quarter and year-to-year fluctuations in underwriting results and net earnings.

New products, services and business activities present risks to the Group.

The insurance and investment product markets are constantly evolving in response to shifts in the preferences of customers and changes in regulation, and the Group must respond to these changes to remain competitive, grow the Group's businesses and maintain its market share. The Group's future success will depend on its ability to adapt to changing customer preferences, regulations and industry standards and to respond with new product offerings and services. Any such change in customer preferences, regulations or industry standards may require the Group to re-evaluate its business model and to adopt significant changes to its strategies and business plan. Inability to adapt to these changes or successfully introduce new product offerings and services could have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

As part of the Group's overall strategy, it may acquire certain businesses, assets and technologies, as well as develop new products and distribution channels that are complementary to its business. Examples of such acquisitions are set out in the section "*Description of NTUC Income – Subsidiaries*" of this Offering Circular. The Group may experience difficulties integrating, or be entirely unable to integrate, any investments, acquisitions, distribution arrangements or partnerships into its existing business and operations or be unable to identify successful initiatives in the future. Any such difficulties could have a material and adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The introduction and development of such new areas of business and/or new products or services and/or new geographical markets may not be completed in accordance with the expected timetables, and the relevant pricing and profitability targets may not prove accurate or feasible. There can be no assurance that new products or channels will be as successful as intended, or at all. Furthermore, expansion into any new areas of business and/or new geographic markets could have a material adverse effect on the effectiveness of the Group's internal control system to the extent the Group fails to effectively adapt its internal controls to such new businesses or distribution channels. Any such difficulty could have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group also faces certain risks when introducing new products. For instance, the Group may be required to obtain approvals from the relevant governmental authorities and may not obtain such approvals in a timely manner, or at all. While the Group assesses its products through its risk management framework and it uses reinsurance to obtain product pricing expertise when developing new products, there can be no assurance that the Group's new products will be as successful as the Group intended, or at all. If the Group's new products were unsuccessful, the Group's business, financial conditions, results of operations, prospects and profitability may be materially and adversely affected.

The Group's portfolio has, and will continue to have, certain levels of concentration related to geography and industry.

The Group's portfolio has, and will continue to have, certain levels of concentration related to geography and industry. Notwithstanding the expansion and diversification of the Group's portfolio, some levels of concentration in terms of geography, industry, client, and product types will remain given the nature of its business. The Group's business activities are predominantly concentrated in and aimed at the Singapore insurance market, thereby exposing the Group to changes on the specific laws, regulations, practices, economic and financial conditions, market and other aspects of Singapore generally.

The Group is exposed to derivative financial instruments and market counterparties and any deterioration of creditworthiness of counterparties and/or adverse market impact on fair value of derivatives may have a material adverse effect on the Group's business, financial condition, results of operations, prospects and profitability.

As part of the Group's trading, hedging and other operations, the Group has exposure to derivative financial instruments which are carried at fair value. The fair value of these derivatives and the Group's exposure to the risk of default by the underlying counterparties depends on the valuation and the perceived risk of the derivatives.

In addition, legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. In addition, transaction costs incurred by market participants are likely to be higher than in the past, reflecting the costs of compliance with the new regulations. These consequences could adversely affect the fair value of derivatives, which could in turn adversely affect the Group's business, financial condition, results of operations, prospects and profitability.

NTUC Income may be unable to access internal sources of liquidity within the Group

The Group may have adequate capital on a consolidated group basis, but a need for liquidity (cash or liquid assets that can be converted to cash, to meet financial obligations) could arise in a particular legal entity (including NTUC Income) and the Group's ability to access group liquidity for that entity may be limited by constraints on the flow of intra-group funds. For example, the Group's ability to meet liquidity needs may be constrained by the timing of dividend payments from its subsidiaries, or by the fact that certain assets may be encumbered or otherwise non-tradeable. If an entity in the Group is prevented from access the Group's internal sources of liquidity when required for any reason, the entity or the Group's business, financial conditions, results of operations, prospects and profitability may be materially and adversely affected as a consequence. Furthermore, inability to obtain liquidity from internal sources may in circumstances affect the Group's ability to service its obligations to its counterparties.

There is limited publicly available information about NTUC Income

NTUC Income is a co-operative society registered under the laws of Singapore and its shares are not traded publicly. Therefore, there may be less publicly available information (including financial information) about NTUC Income as NTUC Income is not publicly listed and currently only publishes its financials annually.

Changes in accounting principles or financial reporting standards relating to financial instruments may have an impact on the Group's financials, solvency positions, and/or the profitability of its businesses, and may require the Group to change its business strategy or reduce its growth.

The Group is subject to risk around changes in accounting standards or financial reporting standards that may change the basis upon which the Group reports its financial results. For example, the changes in financial reporting standards on or after 1 January 2020 that are relevant to the Group is FRS117 Insurance Contracts and FRS109 Financial Instruments. FRS 117 is effective for the years beginning on or after 1 January 2021 at the time the accounting standard was issued (currently deferred to 1 January 2023), and is to be applied retrospectively. See "Description of NTUC Income – Changes in Financial Reporting Standards" for more details on the impact of the adoption of FRS117 Insurance Contracts and FRS109 Financial Instruments. There can be no assurance that any such changes will not have a material adverse impact on the Group's financials, solvency positions, and/or the profitability of its businesses, and may require the Group to change its business strategy or reduce its growth.

Singapore accounting and corporate disclosure standards may result in more limited disclosure than in other jurisdictions.

The Group is subject to Singapore's accounting standards and requirements that differ in certain material respects from those applicable to insurers in certain other countries. Investors should consult their own professional advisers for an understanding of the differences between SFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

The paid-up share capital of NTUC Income consist of Common Shares and Permanent Shares (each as defined herein) and are classified as equity.

The paid-up share capital of NTUC Income consist of Common Shares and Permanent Shares and are classified as equity. Shareholders of Common Shares are entitled to redeem their shares at a par value of S\$10 each or the net asset value based on the last audited financial statements, whichever is lower, computed in accordance with the Co-Operative Societies Act, Chapter 62 of Singapore. As at 31 December 2019, there are 32,787,123 outstanding Common Shares issued

by NTUC Income. Due to the redeemable nature of the Common Shares, the Common Shares do not qualify as equity in accordance with the provisions of Financial Reporting Standard 32 *Financial Instruments: Presentation* and should instead be presented as financial liabilities. Although the Common Shares do not qualify as equity based on the accounting standards, NTUC Income has classified such shares as equity. For more information on the Common Shares, please refer to the section “*Description of NTUC Income – Organisation and Structure of the Group – Share Capital*” and the independent auditors’ report accompanying the Group’s audited consolidated financial statements as at and for the year ended 31 December 2019, included elsewhere in this Offering Circular and beginning on page F-1. Investors should review the financial information contained in this Offering Circular and consult their own professional advisers on the impact of such classification on their investment.

MAS may exercise resolution powers that are beyond the control of the Issuer

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks and more recently, insurance companies, have been the focus of recovery and resolution planning requirements. Recovery and resolution planning are designed to provide a blueprint for recovery actions to rescue such systemically important financial institutions as a going concern if such institutions face severe financial distress. As a last resort, regulatory authorities may exercise its resolution powers in order to avoid systemic disruption and government bailouts.

In Singapore, the MAS has certain resolution powers over failed financial institutions, financial institutions that are at risk of failure or, financial institutions that have breached regulatory obligations. Such resolution powers can be exercised by the MAS prior to the insolvency of such financial institutions. These resolution powers are set out in the Monetary Authority of Singapore Act (Chapter 186 of Singapore).

The MAS resolution powers currently include, among other things, the power to (i) transfer the whole or part of the business of a financial institution; (ii) order a compulsory transfer of shares of a financial institution; (iii) order a compulsory restructuring of share capital of the institution; and (iv) exercise statutory powers allowing the MAS to temporarily stay early termination rights (including set-off and netting rights) of counterparties to financial contracts entered into with a financial institution over which the MAS may exercise its resolution powers (which would include Singapore licensed insurers). There are also provisions in the MAS Act relating to cross-border recognition of resolution action, creditor safeguards and resolution funding. The statutory bail-in regime currently only applies to Singapore-incorporated bank and Singapore-incorporated bank holding companies, but there can be no assurance that insurance companies will not be subject to such statutory bail-in regime in the future.

MAS has stated that as bail-in involves imposing express losses on creditors and not just delaying contractual rights, it has adopted a more prudent approach of starting with Singapore-incorporated banks and Singapore-incorporated bank holding companies. For non-bank financial institutions such as insurance companies, MAS has stated that it will continue to monitor international developments on bail-in regimes. If insurance companies become subject to the statutory bail-in regime in the future, MAS may have resolution powers in respect of the Group, which are beyond the control of the Issuer and the exercise of such resolution powers in respect of the Group may have an adverse effect on the Group’s business, financial condition and results of operations.

Risks Relating to the Notes

Limited rights of enforcement and subordination of the Subordinated Notes or the Perpetual Capital Securities, as applicable, could impair an investor's ability to enforce its rights or realise any claims on the Subordinated Notes or the Perpetual Capital Securities, as applicable.

In most circumstances, the sole remedy against the Issuer available to the Trustee (on behalf of the holders of the Subordinated Notes or the holders of the Perpetual Capital Securities, as applicable) to recover any amounts owing in respect of the principal of or interest on the Subordinated Notes, or principal of or Distributions on the Perpetual Capital Securities, as applicable, will be to institute proceedings for the winding-up of the Issuer in Singapore (but not elsewhere). See Note Condition 10(b) (in respect of the Subordinated Notes) and Perpetual Capital Securities Condition 10 (in respect of the Perpetual Capital Securities only), as applicable.

If the Issuer defaults on the payment of principal or interest on the Subordinated Notes, or Distributions on the Perpetual Capital Securities, as applicable, the Trustee will only institute proceedings in Singapore for the winding-up of the Issuer if it is so contractually obliged. The Trustee will have no right to enforce payment under or accelerate payment of the Subordinated Notes or the Perpetual Capital Securities, as applicable, in the case of default in payment or failure to perform a covenant except as provided in the Trust Deed.

The Subordinated Notes and the Perpetual Capital Securities will be unsecured and subordinated obligations of the Issuer and will rank junior in priority to the claims of the Relevant Creditors (as defined in “*Terms and Conditions of the Notes other than the Perpetual Capital Securities*” (in respect of the Subordinated Notes) and “*Terms and Conditions of the Perpetual Capital Securities*” (in respect of the Perpetual Capital Securities only), as applicable). Upon the occurrence of any winding-up proceedings, the rights of the holders of the relevant Subordinated Notes or the Perpetual Capital Securities, as applicable, to payments on such Subordinated Notes or Perpetual Capital Securities, will be subordinated in right of payment to the prior payment in full of claims of the Relevant Creditors, except those liabilities which rank equally with or junior to such Subordinated Notes or such Perpetual Capital Securities. In a winding-up proceeding, the holders of the relevant Subordinated Notes or relevant Perpetual Capital Securities, as applicable, may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. As there is no precedent for a winding-up of a major financial institution in Singapore, there is uncertainty as to the manner in which such proceedings would occur and the results thereof. Although Subordinated Notes or Perpetual Capital Securities may pay a higher rate of interest (in respect of Subordinated Notes), or Distributions (in the case of Perpetual Capital Securities only), than comparable Notes which are not subordinated, there is a risk that an investor in Subordinated Notes or Perpetual Capital Securities, as applicable, will lose all or some of its investment should the Issuer become insolvent.

Subordinated Notes and Perpetual Capital Securities are complex financial instruments.

Subordinated Notes and Perpetual Capital Securities are complex financial instruments. A potential investor should not invest in such Subordinated Notes or Perpetual Capital Securities unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how such Subordinated Notes or Perpetual Capital Securities will perform under changing conditions, and the value of such Subordinated Notes or Perpetual Capital Securities, as applicable, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular or incorporated by reference herein.

The terms and conditions of the Subordinated Notes and the Perpetual Capital Securities may provide for multiplicity of actions in the event of enforcement.

The terms and conditions of the Subordinated Notes and the Perpetual Capital Securities (other than those that are to be governed exclusively by Singapore law) provide that they shall be governed by English law and that disputes arising in relation thereto shall be subject to the jurisdiction of the English courts, except for the provisions relating to the subordination of such Subordinated Notes or Perpetual Capital Securities, which shall be governed by Singapore law and subject to the jurisdiction of the Singapore courts in the event of a dispute. As such, in the event of an enforcement of any Subordinated Notes or Perpetual Capital Securities, the Trustee, the Noteholders or the Securityholders (as the case may be) may need to commence separate actions in the English and Singapore courts in relation to a single claim. Whilst the English courts and the Singapore courts may defer the relevant part of the claim to the other court, the two claims are inherently linked and there is no certainty as to the approach that the two court systems would take in relation to those separate claims and proceedings, and, therefore, the process and procedures for action and the ultimate manner of judgment would be uncertain. This multiplicity of proceedings and lack of certainty could adversely affect the Trustee's, the Noteholders' or the Securityholders' (as the case may be) claims and the enforcement thereof and could introduce delays into the process of enforcement of those claims.

The Perpetual Capital Securities are perpetual securities and Securityholders have no right to require redemption.

The Perpetual Capital Securities are perpetual and have no maturity date. Securityholders have no ability to require the Issuer to redeem the Perpetual Capital Securities. The Issuer can redeem the Perpetual Capital Securities in certain circumstances as described in "*Terms and Conditions of the Perpetual Capital Securities*", but the Issuer is under no obligation to redeem the Perpetual Capital Securities at any time. The Issuer's ability to redeem Perpetual Capital Securities is subject to the Issuer obtaining the prior written approval of the MAS (if then required) to the redemption, and satisfying any conditions that the MAS may impose at that time.

This means that Securityholders have no ability to cash in their investment, except if the Issuer exercises its right to redeem the Perpetual Capital Securities or by Securityholders selling their Perpetual Capital Securities in the open market. There can be no guarantee that the Issuer will exercise its right to redeem the Perpetual Capital Securities or will be able to meet the conditions for redemption of the Perpetual Capital Securities.

Securityholders who wish to sell their Perpetual Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Perpetual Capital Securities.

There can be no assurance that Securityholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Perpetual Capital Securities.

Payments of Distribution on the Perpetual Capital Securities are discretionary and such Distributions are non-cumulative.

Payment of Distributions on any Distribution Payment Date is at the sole discretion of the Issuer. Subject to the terms and conditions of the Perpetual Capital Securities, the Issuer may elect to cancel any Distribution on any Distribution Payment Date. The Issuer may make such election for any reason. In addition, the Issuer will not be obliged to pay, and will not pay, any Distribution if:

- (i) the Issuer is prevented by applicable requirements of the MAS from making payment in full of dividends or other distributions when due on its Additional Tier 1 Capital Securities;

- (ii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Issuer's then-current fiscal year on the Perpetual Capital Securities or its Additional Tier 1 Capital Securities, would exceed the Distributable Reserves as of the Distribution Determination Date.

Any Distributions which are not paid on the applicable Distribution Payment Date shall not accumulate or be payable at any time thereafter, whether or not funds are, or subsequently become, available. Securityholders will have no right thereto whether in a bankruptcy or dissolution as a result of the Issuer's insolvency or otherwise.

Therefore, any Distributions not paid will be lost and the Issuer will have no obligation to make payment of such Distributions or to pay interest thereon. If Distributions are not paid for whatever reason, the Perpetual Capital Securities may trade at a lower price. If a Securityholder sells his Perpetual Capital Securities during such a period, such Securityholder may not receive the same return on investment as a Securityholder who continues to hold its Perpetual Capital Securities until Distributions are resumed.

The Issuer may issue Notes which may give rise to particular risks for potential investors.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

- (i) An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Issuer redeems Notes when its cost of borrowing is lower than the interest rate (in respect of Notes other than Perpetual Capital Securities) or the rate of distribution (in respect of Perpetual Capital Securities only), as applicable, on the Notes, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate (in respect of Notes other than Perpetual Capital Securities) or the rate of distribution (in respect of Perpetual Capital Securities only), as applicable, as high as the interest rate (in respect of Notes other than Perpetual Capital Securities) or the rate of distribution (in respect of Perpetual Capital Securities only), as applicable, on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

- (ii) The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.
- (iii) Notes with floating interest rates (in respect of Notes other than Perpetual Capital Securities) or floating rates of distribution (in respect of Perpetual Capital Securities only), as applicable, can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.
- (iv) Fixed/Floating Rate Notes may bear interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate (in

respect of Notes other than Perpetual Capital Securities) or the rate of distribution (in respect of Perpetual Capital Securities only), as applicable, will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

- (v) The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates (in respect of Notes other than Perpetual Capital Securities) or rates of distribution (in respect of Perpetual Capital Securities only), as applicable, than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing (in respect of Notes other than Perpetual Capital Securities) or distribution-bearing (in respect of Perpetual Capital Securities only), as applicable, securities with comparable maturities.
- (vi) In the case of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Notes linked to or referencing such “benchmarks”.

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be “benchmarks”, in particular with respect to certain Floating Rate Notes where the Reference Rate (as defined in the Conditions) may be SIBOR, SOR, LIBOR, HIBOR, EURIBOR, BBSW, Compounded Daily SONIA or Compounded Daily SORA or another such benchmark. The Pricing Supplement for the Notes will specify whether SIBOR, SOR, LIBOR, HIBOR, EURIBOR, BBSW, Compounded Daily SONIA or Compounded Daily SORA or another such benchmark is applicable.

Interest rates and indices which are deemed to be or used as “benchmarks” are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for

market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (or at all) and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation. Such announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Similarly, The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR, to amend the methodology for determining SIBOR, and to transition from SOR to an alternative interest rate benchmark over two years.

The elimination of any benchmarks, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks:

- (i) discourage market participants from continuing to administer or contribute to the benchmark;
- (ii) trigger changes in the rules or methodologies used in the benchmark; or
- (iii) lead to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest (or the Rate of Distribution) in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest (or the Rate of Distribution, in the case of Perpetual Capital Securities) shall be determined by reference to:

- (a) in the case where the Reference Rate is specified as being LIBOR or EURIBOR, the Relevant Screen Page (or its successor or replacement); or
- (b) in the case where the Reference Rate is specified as being SIBOR, the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page); or
- (c) in the case where the Reference Rate is specified as being SOR, the Reuters Screen ABSIRFIX01 Page under the caption “SGD SOR rates as of 11.00 a.m. London Time” and the column headed “SGD SOR” (or such other Relevant Screen Page).; or
- (d) in the case where the Reference Rate is specified as being Compounded Daily SONIA, the Relevant Screen Page (or its successor or replacement); or
- (e) in the case where the Reference Rate is specified as being Compounded Daily SORA, the daily Singapore Overnight Rate Average provided by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors).

In the case of any discontinuation or disapplication of such Reference Rate in accordance with the Conditions, which may include circumstances where the regulatory supervisor of the administrator of the original Reference Rate makes a public statement that such Reference Rate is or will be (or

is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market, Note Condition 5(i) (in respect of Notes other than Perpetual Capital Securities) and Perpetual Capital Securities Condition 4(i) (in respect of Perpetual Capital Securities only) sets out more details on the mechanics for determining the Rate of Interest or, in the case of Perpetual Capital Securities, the Rate of Distribution in the absence of the original applicable Reference Rate. Such mechanics may involve the determination of a replacement Reference Rate and a spread adjustment to be applied to such replacement Reference Rate. The use of any replacement Reference Rate and application of a spread adjustment determined in accordance with Note Condition 5(i) (in respect of Notes other than Perpetual Capital Securities) or Perpetual Capital Securities Condition 4(i) (in respect of Perpetual Capital Securities only) to determine the Rate of Interest or, in the case of Perpetual Capital Securities, the Rate of Distribution is likely to result in Notes initially linked to or referencing the original Reference Rate performing differently (which may include payment of a lower Rate of Interest or lower Rate of Distribution, as applicable) than they would do if the original applicable Reference Rate were to continue to apply in its current form. Any such determination which involves the exercise of discretion by the Issuer or, if the designated person is an affiliate of the Issuer, such affiliate, may also present the Issuer or such affiliate with a conflict of interest.

Furthermore, if a replacement Reference Rate has been determined by the Issuer (or its designated person, as the case may be) in accordance with Note Condition 5(i) (in respect of Notes other than Perpetual Capital Securities) or Perpetual Capital Securities Condition 4(i) (in respect of Perpetual Capital Securities only), the Conditions provide that the Issuer may vary the Conditions and/or the Trust Deed, as necessary to ensure the proper operation of such replacement Reference Rate, without any requirement for consent or approval of the Noteholders.

Where Note Condition 5(i)(i) (in respect of Notes other than Perpetual Capital Securities) or Perpetual Capital Securities Condition 4(i)(i) (in respect of Perpetual Capital Securities only) is specified in the relevant Pricing Supplement as the applicable mechanics for determining a replacement Reference Rate, there may be circumstances in which a new replacement Reference Rate may not be able to be determined before the next Interest Determination Date (or the next Distribution Determination Date, in the case of Perpetual Capital Securities), or where a replacement Reference Rate is not adopted because it could reasonably be expected to prejudice the qualification of the Notes as Tier 2 capital or Additional Tier 1 capital (as the case may be). In such event, the Rate of Interest or the Rate of Distribution (as the case may be) for the next succeeding Interest Period (or the next succeeding Distribution Period in the case of Perpetual Capital Securities) will be the Rate of Interest or the Rate of Distribution (as the case may be) applicable as at the last preceding Interest Determination Date or Distribution Determination Date (as the case may be) before the discontinuation or disapplication of the original Reference Rate in accordance with the Conditions. This is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest or Rate of Distribution (as the case may be)) than they would do if the relevant benchmark were to continue to apply, or if a replacement Reference Rate could be determined. The initial Rate of Interest or the initial Rate of Distribution (as the case may be), or the Rate of Interest or the Rate of Distribution (as the case may be) applicable as at the last preceding Interest Determination Date or Distribution Determination Date (as the case may be) before the discontinuation or disapplication of the original applicable Reference Rate in accordance with the Conditions, could, as a result, continue to apply to maturity, which would lead to the floating rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest or the Rate of Distribution (as the case may be) in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest or the Rate of Distribution (as the case may be) in respect of the Floating Rate Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest or the Rate of Distribution may be determined by

reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest or the Rate of Distribution (as the case may be) that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Negative benchmark rates would reduce the rate of interest on the Floating Rate Notes

The interest rate to be borne by Floating Rate Notes is based on a spread over the relevant benchmark, including SIBOR, SOR, LIBOR, HIBOR, EURIBOR, BBSW, Compounded Daily SONIA or Compounded Daily SORA or another benchmark. Changes in the relevant benchmark rate will affect the rate at which Floating Rate Notes accrue interest and the amount of interest payments on Floating Rate Notes. To the extent that the relevant benchmark rate decreases below 0.00% for any interest period, the rate at which the Floating Rate Notes accrue interest for such interest period may be reduced by the amount by which such benchmark rate is negative.

The market continues to develop in relation to risk free rates (including overnight rates) as reference rates for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to risk free rates as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. For example, on 29 November 2017, the Bank of England and the United Kingdom Financial Conduct Authority announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Similarly, on 30 August 2019, the MAS announced the establishment of a steering committee to oversee an industry-wide benchmark transition from the Singapore dollar Swap Offer Rate ("**SOR**") to the Singapore Overnight Rate Average ("**SORA**"). In addition, The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee released a consultation report identifying SORA as the alternative interest rate benchmark to SOR, envisaging a phased transition over two years. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk free rates, examples of which include term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term) and term SORA reference rates (which are intended to be forward-looking benchmarks based on SORA).

The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Conditions and used in relation to any that reference risk free rates issued under the Programme. The Issuer may in the future also issue Notes referencing risk free rates that differ materially in terms of interest determination when compared with any previous Notes referencing the same risk free rate issued by it under the Programme. The development of risk free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which references any such risk free rate from time to time.

Furthermore, the basis of deriving certain risk free rates, such as SOFR, SONIA or SORA, may mean that interest on Notes which reference any such risk free rate would only be capable of being determined after the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference any such

risk free rate to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-linked Notes, if Notes referencing Compounded Daily SONIA or Compounded Daily SORA become due and payable as a result of an event of default under Condition 10(a), the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date which the Notes become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of risk free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk free rates.

Since risk free rates are relatively new market indices, Notes linked to any such risk free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any risk free rate to which a series of Notes is linked does not prove to be widely used in securities like the Notes, the trading price of such Notes linked to a risk free rate may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any risk free rate to which a series of Notes is linked will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes referencing such risk free rate. If the manner in which such risk free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

There are risks associated with modifying or amending the terms and conditions of the Notes by way of a meeting of Noteholders or Securityholders.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders or Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders or Securityholders, including Noteholders or Securityholders who did not attend and vote at the relevant meeting and Noteholders or Securityholders who voted in a manner contrary to the majority.

The Issuer's ability to make payments in respect of the Notes may depend upon the performance of contractual obligations of other parties to the transaction documents.

The Issuer's ability to make payments in respect of the Notes may depend upon the due performance of the respective obligations of the other parties to the transaction documents, including the performance by the Trustee and the Agents of their respective obligations. While the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders or Securityholders.

Modification, waivers and authorisations.

The Conditions will provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders or Securityholders (as applicable), to: (i) any modification of any of the Conditions, as applicable, and/or any of the provisions of the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of applicable law or as required by CDP and/or Euroclear and/or Clearstream, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions, as applicable and/or any of the provisions of the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or Securityholders, as applicable. Any such modification, authorisation or waiver shall be binding on the Noteholders, the Receiptholders and the Couponholders, or Securityholders, as applicable.

The Issuer, the Noteholders and the Securityholders may face certain risks associated with any changes to English law or Singapore law or administrative practice after the date of the issue of the relevant Notes.

The conditions are based on English law or Singapore law (as specified in the applicable Pricing Supplement) in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or Singapore law or administrative practice after the date of issue of the relevant Notes.

Limited liquidity of the Notes may affect the market price of the Notes.

The Notes will not be registered under the Securities Act or the securities or “blue sky” laws of any state of the United States. The Notes may be offered, and may be resold outside of the United States within the meaning of and in compliance with Regulation S.

The Notes are a new issue of securities with no established trading market. Application may be made to list the Notes on a stock exchange. However, if for any reason the Notes are not listed, the liquidity of the Notes may be negatively impacted.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency, credit or market risks, and/or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes. Even if the Notes are traded, they may trade at a discount from their initial issue price, depending on prevailing interest rates, the market for similar securities, the Group’s performance and other factors.

The Dealers have made no commitment and have no obligation to make a market for the Notes. Therefore, no assurance can be given that any Dealer will actually make a market for any Notes that are issued under the Programme, or if it does, that it will continue to make a market in the future. No assurance can be given that an active trading market for any Notes will develop, and therefore the liquidity of the Notes may be considerably less than for comparable debt securities.

Noteholders may be subject to Singapore taxation.

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) subject to the fulfilment of certain conditions more particularly described in the section “*Taxation – Singapore Taxation*”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

In addition, it is not clear whether any particular tranche of the Perpetual Capital Securities (the “**Relevant Tranche of Perpetual Capital Securities**”) will be regarded as “debt securities” by the Inland Revenue Authority of Singapore (“**IRAS**”) for the purposes of the Income Tax Act, or whether distribution payments made under the Relevant Tranche of Perpetual Capital Securities will be regarded by the IRAS as interest payable on indebtedness for the purposes of the Income Tax Act or whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “*Taxation – Singapore Taxation*”) will apply to the Relevant Tranche of Perpetual Capital Securities.

If the Relevant Tranche of Perpetual Capital Securities is not regarded as “debt securities” for the purposes of the Income Tax Act, or the distribution payments made under the Relevant Tranche of Perpetual Capital Securities are not regarded by the IRAS as interest payable on indebtedness for the purposes of the Income Tax Act or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of Perpetual Capital Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of Perpetual Capital Securities.

Any credit ratings on the Issuer or the Notes may not reflect all risks associated with investing in the Issuer or the Notes, and a downgrade in the ratings of the Issuer or the Notes may affect the market price of the Notes.

The Issuer has long-term issuer rating of “AA-” from S&P Global Ratings (“**S&P**”). The Issuer’s credit rating has stable outlooks from S&P. The rating reflects the ability of the Issuer to make timely payment of principal and interest on senior unsecured debts. There can be no assurance that the rating will remain in effect for any given period or that the rating will not be revised by the rating agency in the future if, in its judgement, circumstances so warrant. In addition, not all issues of Notes may be rated and even if one or more independent credit rating agencies assigns credit ratings to an issue of Notes, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be suspended, revised, downgraded or withdrawn by the assigning rating agency at any time.

The book-entry registration system of the Notes may reduce the liquidity of any secondary market for the Notes and may limit the receipt of payments by the beneficial owners of the Notes.

As transfers of interests in the Global Notes or Global Certificates can be effected only through book entries at CDP, Euroclear or Clearstream for the accounts of their respective participants, the liquidity of any secondary market for Global Notes or Global Certificates may be reduced to the extent that some investors are unwilling to hold Notes in book-entry form in the name of a CDP, Euroclear or Clearstream participant. The ability to pledge interests in the Global Notes or Global Certificates may be limited due to the lack of a physical certificate. Beneficial owners of Global

Notes or Global Certificates may, in certain cases, experience delay in the receipt of payments of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, since such payments will be forwarded by the paying agent to CDP, Euroclear or Clearstream, as applicable, who will then forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward payments to the beneficial owners of the interests in the Global Notes or Global Certificates. In the event of the insolvency of CDP, Euroclear or Clearstream or any of their respective participants in whose name interests in the Global Notes or Global Certificates are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on Global Notes or Global Certificates may be impaired.

The Notes may not be a suitable investment for all investors.

The Notes are complex and high risk financial instruments. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest or distribution is payable in one or more currencies, or where the currency for principal or interest or distribution payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. A potential investor should ensure that it has sufficient knowledge and experience (either alone or with the help of a financial adviser) to make its own legal, tax, accounting and financial evaluation of the merits and risks of investing in the Notes and that it considers the suitability of the Notes as an investment in light of its own circumstances and financial condition.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- (i) the Notes are legal investments for it;
- (ii) the Notes can be used as collateral for various types of borrowing; and
- (iii) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation the giving of notice pursuant to Note and the taking of any steps and/or actions and/or the instituting of proceedings pursuant to Note Condition 12 or, as the case may be, the taking of action as contemplated in Perpetual Capital Securities Condition 10, the Trustee may (at its sole discretion) request Noteholders, or as the case may be, Securityholders of the relevant series of Notes, or as the case may be, Perpetual Capital Securities to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Noteholders or, as the case may be, Securityholders. The Trustee shall not be obliged to take any such actions if it has not first been indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the relevant Conditions or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, in those cases, to the extent permitted by the agreements and the applicable law, it will be for the relevant Noteholders or, as the case may be, Securityholders to take such actions directly.

Investment in Notes may be subject to certain risks associated with exchange rate fluctuations and any modifications to exchange controls.

The Issuer will pay principal and interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, on the Notes in the currency specified (the “**Settlement Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Settlement Currency would decrease:

- (i) the Investor’s Currency equivalent yield on the Notes;
- (ii) the Investor’s Currency equivalent value of the principal payable on the Notes; and
- (iii) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, or principal than expected, or no interest (in respect of Notes other than Perpetual Capital Securities), or Distributions (in respect of Perpetual Capital Securities only), as applicable, or principal.

Implementation of and/or changes to the Basel III or other risk-based capital frameworks (including but not limited to Singapore Risk-Based Capital 2, or European Solvency II) framework may affect the capital requirements and/or liquidity associated with a holding of the Notes for certain investors.

Regulated institutions such as banks and insurance companies may be subject to capital adequacy and liquidity standards under Basel III or other risk-based capital frameworks (including but not limited to the Risk-Based Capital 2 framework issued by MAS, or European Solvency II). These requirements can include, amongst others, capital adequacy requirements and liquidity coverage requirements.

The ongoing implementation of and/or changes (including those which are yet to be finalised) to the risk-based capital frameworks for regulated institutions may have an impact on the capital requirements in respect of holdings of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital and liquidity requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the risk-based capital frameworks which may apply to them and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Risks Relating to Renminbi-Denominated Notes

Notes denominated in Renminbi (“**RMB Notes**”) may be issued under the Programme. RMB Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although since 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued

or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi. Each investor should consult its own advisers to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decisions.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the People's Bank of China ("PBOC") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "Renminbi Clearing Banks") and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "Settlement Arrangements"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC rules and regulations will not be promulgated or amended or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described under the Notes, the Issuer can make payments under the Notes in a currency other than Renminbi.

Investment in RMB Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and other factors. In August 2015, PBOC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and principal will be made with respect to RMB Notes in Renminbi, save as provided in the terms and conditions in accordance with Note Condition 7(i) (in respect of Notes other than Perpetual Capital Securities) and Perpetual Capital Securities Condition 7(e) (in respect of Perpetual Capital Securities only), as applicable. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in

the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the RMB Notes in that foreign currency will decline. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Notes entails foreign exchange related risks, including possible significant changes in the value of RMB relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the RMB Notes below their stated coupon rates and could result in a loss when the return on the RMB Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in RMB Notes.

Investment in the RMB Notes is subject to currency risk.

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and principal on the RMB Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each as defined in the relevant Conditions), the Issuer shall be entitled, on giving not less than 15 nor more than 30 business days' irrevocable notice to the Noteholders or the Securityholders (as the case may be) prior to the due date for payment, to settle any such payment in U.S. dollars or Singapore dollars, as the case may be, on the due date at the U.S. Dollar Equivalent or the Singapore Dollar Equivalent, respectively, of any such Renminbi denominated amount.

Payments in respect of RMB Notes will only be made to investors in the manner specified in such RMB Notes.

All payments to investors in respect of RMB Notes will be made solely:

- (i) when RMB Notes are represented by global certificates, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore, as the case may be, in accordance with prevailing Euroclear rules or Clearstream rules or CDP rules, as the case may be; or
- (ii) when RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore in accordance with prevailing rules and regulations.

In the event that a holder of RMB Notes fails to maintain a valid Renminbi account with a bank in Hong Kong or Singapore, as the case may be, and, accordingly, payments are unsuccessful, it is possible that such amounts may be settled in a currency other than Renminbi. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in the PRC).

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

*The following is the text of the terms and conditions (the “**Conditions**”) that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “**Notes**” are to the Notes of one Series only and not to all Notes that may be issued under the Programme.*

The Notes are constituted by a trust deed dated 2 July 2020 (as amended and/or supplemented as at the date of issue of the Notes (the “**Issue Date**”) and as the same may be further amended, restated, novated and/or supplemented, the “**Trust Deed**”) between NTUC Income Insurance Co-operative Limited (the “**Issuer**”) and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”, which expression shall, whenever the context so admits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) [as supplemented by the Singapore supplemental trust deed dated 2 July 2020 (as amended and/or supplemented as at the Issue Date and as the same may be further amended, restated, novated and/or supplemented, the “**Singapore Supplemental Trust Deed**”) among the Issuer and the Trustee]¹ and, where applicable, the Notes which are specified in the applicable Pricing Supplement to be held in and cleared through The Central Depository (Pte) Limited (“**CDP**”) are issued with the benefit of a deed of covenant dated 2 July 2020 relating to the Notes executed by the Issuer (as amended, varied and/or supplemented from time to time, the “**CDP Deed of Covenant**”).

These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, [as supplemented by the Singapore Supplemental Trust Deed]¹, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An agency agreement dated 2 July 2020 (as amended and/or supplemented as at the Issue Date and as the same may be further amended, restated, novated and/or supplemented, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as issuing and paying agent, registrar, transfer agent and, where appointed in relation to a series of Notes, calculation agent in respect of Notes cleared through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”), The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as CDP paying Agent, registrar, transfer agent and, where appointed in relation to a series of Notes, calculation agent in respect of Notes cleared through the computerised system operated by the CDP (the “**CDP System**”) and the other agents named in it. The issuing and paying agent, the CDP paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CDP Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CDP Paying Agent), the “**Registrars**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”.

¹ Include for Notes governed by Singapore law.

For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Notes to be held in the CDP, be deemed to be a reference to the CDP Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed, [as supplemented by the Singapore Supplemental Trust Deed,]² the CDP Deed of Covenant and the Agency Agreement referred to above are available for inspection by the Noteholders free of charge at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m.) at the principal office of the Trustee (being at the Issue Date at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #45-01, Singapore 018983) and at the specified office of the Issuing and Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable in the case of such Bearer Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Bearer Notes of which the principal is payable in instalments (the “**Receiptholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, all the provisions of the Trust Deed[, as supplemented by the Singapore Supplemental Trust Deed]² and the applicable Pricing Supplement, and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note. References to “**applicable Pricing Supplement**” are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed on this Note.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects and “**Series**” means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number.

1 Form, Denomination and Title

- (a) **Form and Denomination:** The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Specified Denomination(s) shown hereon. Subordinated Notes (as defined in Condition 3(b)) will only be issued in registered certificated form; Subordinated Notes shall not be issued in bearer form.

*All Registered Notes shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of GBP100,000 (or its equivalent in other currencies). Notes which are listed on the Singapore Exchange Securities Trading Limited or any successor thereto (the “**SGX-ST**”) will be traded on the SGX-ST in a minimum board lot size of SGD200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or in the United Kingdom or offered to the public in a Member State of the European Economic Area or in the United Kingdom in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129 (as amended or superseded), the minimum Specified Denomination shall be EUR100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).*

² Include for Notes governed by Singapore law.

Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note, the nominal amount of which is redeemable in instalments, is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

- (b) **Title:** Title to the Bearer Notes and to the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the relevant Registrar (the "**Register**"). The Issuer may appoint a registrar (the "**Alternative Registrar**") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series comprising Registered Notes. In these Conditions, "**Registrar**" includes, if applicable, in relation to any Series comprising Registered Notes, the Registrar or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear and/or Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes.

For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the absolute holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the registered holder of the Global Note or, as the case may be, the Global Certificate shall be treated by the Issuer, the Trustee and the Agents as the holder of such Notes in accordance with and subject to the terms of such Global Note or, as the case may be, such Global Certificate.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

References in these Conditions to Coupons, Talons, Couponholders, Receipts and Receiptholders relate to Bearer Notes only.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer, without service charge and subject to payment of any taxes, duties and other governmental charges in respect of such transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, and by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available (free of charge to the Noteholders and at the Issuer’s expense) by the Registrar to any Noteholder following prior written request and proof of holding and identity satisfactory to the Registrar. No transfer of title to a Registered Note will be valid unless and until entered on the Register.

Transfers of interests in the Notes represented by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

A beneficial interest in a Global Certificate representing Registered Notes will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form or for a beneficial interest in another Global Certificate representing such Registered Notes only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream or CDP, as the case may be, the provisions of the relevant Global Certificate and the terms and conditions specified in the Agency Agreement. Transfers of a Global Certificate representing Registered Notes registered in the name of a nominee of a common depository for Euroclear, Clearstream or CDP shall be limited to transfers of such Global Certificate, in whole but

not in part, to another nominee of Euroclear, Clearstream or CDP (as the case may be) or to a successor of Euroclear, Clearstream or CDP (as the case may be) or such successor's nominee.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed, as the case may be. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the request for transfer, exercise, redemption or exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for transfer, exercise, redemption or exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday, Sunday or gazetted public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon (i) payment by the relevant Noteholder of any tax, duties or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent (as the case may be) may require); (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) as the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion that the regulations concerning transfer of Registered Notes have been complied with).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered:
- (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note;
 - (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d);

- (iii) after any such Note has been called for redemption; or
- (iv) during the period of 15 days ending on (and including) any date on which payment is due.

3 Status

(a) Status of Senior Notes:

The senior notes (being those Notes that specify their status as Senior in the applicable Pricing Supplement) (the “**Senior Notes**”) and the Receipts and the Coupons relating to them constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) Status of Subordinated Notes:

The subordinated notes (being those Notes that specify their status as Subordinated in the applicable Pricing Supplement) (the “**Subordinated Notes**”) constitute direct, unsecured and subordinated (pursuant to Condition 3(c)) obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders are subordinated as described in Condition 3(c) below.

(c) Subordination:

Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the Subordinated Notes and any other obligations in respect of the Subordinated Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Relevant Creditors and will rank senior to all share capital of the Issuer and any other Tier 1 Capital Securities. The Subordinated Notes will rank *pari passu* with all subordinated debt issued by the Issuer that qualifies as Tier 2 Capital Securities and any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Subordinated Notes, which for the avoidance of doubt, includes the Existing Tier 2 Capital Securities. In the event that:

- (i) the Noteholders do not receive payment in full of principal due and payable in respect of the Subordinated Notes plus interest thereon accrued to the date of repayment in any winding-up of the Issuer; and
- (ii) the winding-up order or resolution passed for the winding-up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative,

then to the extent that such Noteholders did not receive payment in full of such principal of and interest on such Subordinated Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 10(b) and Clause 5 and Clause 7 of the Trust Deed.

The Issuer has agreed, pursuant to the terms of the Trust Deed, to indemnify the Noteholders against any loss incurred as a result of any judgment or order being given or made for any amount due under the Subordinated Notes and such judgment or order being expressed and paid in a currency other than the Specified Currency. Any amounts due under such indemnification will be similarly subordinated in right of payment with other amounts due on the Subordinated Notes and payment thereof shall be subject to the provisions under this Condition 3 and Condition 10(b)(ii) and Clause 7.2 of the Trust Deed.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in this Condition 3 and Clause 5 of the Trust Deed) have been satisfied.

In these Conditions:

“Existing Tier 2 Capital Securities” means the Issuer’s S\$600,000,000 3.65 per cent. Subordinated Notes due 2027 callable with a coupon reset in 2022;

“MAS” means the Monetary Authority of Singapore or such other governmental authority having primary supervisory authority with respect to the Issuer;

“MAS Notice 133” means MAS Notice 133 – *“Notice on Valuation and Capital Framework for Insurers”* issued by the MAS, as amended, replaced or supplemented from time to time;

“Relevant Creditors” means creditors of the Issuer (including the Issuer’s policy owners) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of the Subordinated Notes;

“Subsidiary” means any company or corporation:

- (i) of which the Issuer controls the composition of the board of directors; or
- (ii) of which the Issuer controls more than half of the voting power; or
- (iii) which is a Subsidiary of a Subsidiary of the Issuer,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

“Tier 1 Capital Securities” means:

- (i) any security issued by the Issuer; or
- (ii) any other similar obligation issued by any Subsidiary of the Issuer that is guaranteed by the Issuer,

that, in each case, constitutes Tier 1 capital of the Issuer pursuant to the relevant requirements of the MAS as set out in MAS Notice 133; and

“Tier 2 Capital Securities” means:

- (i) any security issued by the Issuer; or

- (ii) any other similar obligation issued by any Subsidiary of the Issuer that is guaranteed by the Issuer,

that, in each case, constitutes Tier 2 capital of the Issuer pursuant to the relevant requirements of the MAS as set out in MAS Notice 133.

- (d) **Set-off and Payment Void:** No holder of Subordinated Notes may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes. Each Noteholder of the Subordinated Notes shall, by acceptance of any Subordinated Note, be deemed to have waived all such rights of set-off, counterclaim or retention to the fullest extent permitted by law. If, at any time, any Noteholder receives payment or benefit of any sum in respect of the Subordinated Notes (including any benefit received pursuant to any such set-off, counterclaim or retention) other than in accordance with Clause 7.2.2 of the Trust Deed and the second paragraph of Condition 10(b)(ii), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Noteholder, by acceptance of such Subordinated Note, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Noteholder to the Issuer upon demand by the Issuer or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void under the Trust Deed. Any sum so paid or returned shall then be treated for purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Subordinated Notes.

4 Negative Pledge in respect of Senior Notes only

So long as any Senior Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 10(a)) of the Issuer will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Senior Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Senior Notes.

In these Conditions:

"Relevant Indebtedness" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

5 Interest and other Calculations

The amount payable in respect of the aggregate nominal amount of Notes represented by a Global Certificate or a Global Note (as the case may be) shall be made in accordance with the methods of calculation provided for in the Conditions and the applicable Pricing Supplement, save that the calculation is made in respect of the total aggregate amount of the

Notes represented by a Global Certificate or a Global Note (as the case may be), together with such other sums and additional amounts (if any) as may be payable under the Conditions.

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest

Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

- (B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SIBOR, SOR, BBSW, Compounded Daily SONIA or Compounded Daily SORA

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (I) the offered quotation; or
- (II) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

- (y) If the Relevant Screen Page is not available or if, paragraph (x)(I) above of this Condition 5(b)(iii)(B) applies and no such offered quotation appears on the Relevant Screen Page or if paragraph (x)(II) above of this Condition 5(b)(iii)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall

request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Issuer with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question, and such offered quotations shall be notified by the Issuer to the Calculation Agent. If two or more of the Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) If paragraph (y) above of this Condition 5(b)(iii)(B) applies and the Issuer determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean as determined by the Calculation Agent of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR, the Hong Kong interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR, the Hong Kong interbank market, as the case may be, and such offered rates shall be notified by the Issuer to the Calculation Agent *provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(b)(iii)(B), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the

relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR
- (x) Each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be a SIBOR Note) or SOR (in which case such Note will be a Swap Rate Note) bears interest at a floating rate determined by reference to a benchmark as specified hereon or, in any case, such other benchmark as specified hereon.
 - (y) The Rate of Interest payable from time to time in respect of each Floating Rate Note under this Condition 5(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:
 - (l) in the case of Floating Rate Notes which are SIBOR Notes:
 - (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);
 - (bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate or if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as an Independent Adviser may select;
 - (cc) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (aa) and (bb) above of this Condition 5(b)(iii)(C)(y)(l), the Issuer will request the principal Singapore offices of each of the Reference Banks to provide the Issuer with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal

amount of the relevant Floating Rate Notes, and such offered rates shall be notified by the Issuer to the Calculation Agent. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered rates, as determined by the Calculation Agent;

(dd) if on any Interest Determination Date two but not all the Reference Banks provide the Issuer with such offered rates, the Rate of Interest for the relevant Interest Period shall be determined in accordance with paragraph (bb) above of this Condition 5(b)(iii)(C)(y)(l) on the basis of the offered rates of those Reference Banks providing such offered rates; and

(ee) if on any Interest Determination Date one only or none of the Reference Banks provides the Issuer with such offered rates, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Issuer at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or, if on such Interest Determination Date one only or none of the Reference Banks provides the Issuer with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks to the Issuer and notified to the Calculation Agent by the Issuer at or about the Relevant Time on such Interest Determination Date,

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period);

- (II) in the case of Floating Rate Notes which are Swap Rate Notes:
- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “SGD SOR rates as of 11:00 a.m. London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period;
 - (bb) if on any Interest Determination Date no such rate is quoted on Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as an Independent Adviser may select; and
 - (cc) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (aa) and (bb) above of this Condition 5(b)(iii)(C)(y)(II), the Rate of Interest shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) as calculated by the Calculation Agent of the rates quoted to the Issuer (and obtained at the Issuer’s request) by the Reference Banks or those of them (being at least two in number) at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate, and such quoted rates shall be notified by the Issuer to the Calculation Agent, or, if on such day one only or none of the Reference Banks provides the Issuer with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date, and such prime lending rates shall be notified to the Calculation Agent,

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (D) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being Compounded Daily SORA
- (x) For each Floating Rate Note where the Reference Rate is specified as being Compounded Daily SORA, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be Compounded Daily SORA (as defined below) plus or minus the Margin.

“Compounded Daily SORA” means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Accrual Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SORA_{i-xSBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d” is the number of calendar days in the relevant Interest Accrual Period;

“d_o”, for any Interest Accrual Period, is the number of Singapore Business Days in the relevant Interest Accrual Period;

“i”, for the relevant Interest Accrual Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Accrual Period to, but excluding, the last Singapore Business Day in such Interest Accrual Period;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date falling one Singapore Business Day after the end of each Observation Period;

“ n_i ”, for any day “ i ”, is the number of calendar days from and including such day “ i ” up to but excluding the following Singapore Business Day;

“**Singapore Business Days**” or “**SBD**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**Observation Period**” means, for the relevant Interest Accrual Period, the period from, and including, the date falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the first day of such Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the Interest Payment Date at the end of such Interest Accrual Period (or the date falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the Notes become due and payable);

“**SORA**” means, in respect of any Singapore Business Day “ i ”, a reference rate equal to the daily Singapore Overnight Rate Average provided by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such day “ i ”; and

“**SORA _{$i-x$ SBD}**” means, in respect of any Singapore Business Day falling in the relevant Observation Period, the reference rate equal to SORA in respect of the Singapore Business Day falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the relevant Singapore Business Day “ i ”.

- (y) If, subject to Condition 5(i)(iv), by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such day “ i ”, SORA in respect of such day “ i ” has not been published and a SORA Index Cessation Event has not occurred, then SORA for that day “ i ” will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.
- (z) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 5(i)(iv), the Rate of Interest shall be:
 - (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of

Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period); or

- (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SORA formula) and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

- (E) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being Compounded Daily SONIA

- (x) For each Floating Rate Note where the Reference Rate is specified as being Compounded Daily SONIA, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Pricing Supplement) the Margin.

“**Compounded Daily SONIA**” means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Accrual Period (with the daily Sterling Overnight Index Average rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{SONIA}_{i-xLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” means, for the relevant Interest Accrual Period, the number of calendar days in such Interest Accrual Period;

“**d_o**” means, for the relevant Interest Accrual Period, the number of London Business Days in such Interest Accrual Period;

“**i**” means, for the relevant Interest Accrual Period, a series of whole numbers from one to d_o, each representing the relevant London Business Day in chronological order from (and including) the first London Business Day in such Interest Accrual Period to (but excluding) the last London Business Day in such Interest Accrual Period;

“**London Business Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n_i**”, for any day “**i**”, means the number of calendar days from and including such day “**i**” up to but excluding the following London Business Day;

“**Observation Period**” means, for the relevant Interest Accrual Period, the period from (and including) the date falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to the first day of such Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on (but excluding) the date falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to the Interest Payment Date at the end of such Interest Accrual Period (or the date falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the Notes become due and payable);

“**SONIA_{i-xLBD}**” means, in respect of any London Business Day falling in the relevant Observation Period, the SONIA Reference Rate for the London Business Day falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to the relevant London Business Day “**i**”; and

“**SONIA Reference Rate**” means, in respect of any London Business Day, a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Business Day immediately following such London Business Day).

- (y) If, subject to Condition 5(i)(i), in respect of any London Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:
- (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Business Day; plus
 - (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above of this Condition 5(b)(iii)(E)(y), and without prejudice to Condition 5(i)(i), in the event the Bank of England publishes guidance as to:

- (aa) how the SONIA Reference Rate is to be determined; or
- (bb) any rate that is to replace the SONIA Reference Rate,

the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest as specified in the applicable Pricing Supplement, and in consultation with the Issuer) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA rate for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

- (z) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(b)(iii)(E) by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 5(i)(i), the Rate of Interest shall be:
- (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period); or
 - (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in

issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SONIA formula) and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

- (F) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being BBSW

The Rate of Interest payable from time to time in respect of each Floating Rate Note where the Reference Rate is specified as being BBSW will be determined by the Calculation Agent on the basis of the following provisions:

- (x) the Calculation Agent will determine the Rate of Interest for such Interest Period which shall be the rate for prime bank eligible securities having a tenor closest to the term of such Interest Period, which is designated as the "AVG MID" on the Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or such other replacement page thereof or such other Relevant Screen Page) at approximately 10.30 a.m. (Sydney time) (or such other time at which such rate customarily appears on that page, including, if corrected, as recalculated and republished by the relevant administrator) on the Interest Determination Date in respect of each Interest Period; and
- (y) if such rate does not appear on the Reuters Screen BBSW Page (or such other replacement page thereof or such other Relevant Screen Page) by 10.45 a.m. (Sydney time) on that day (or such other time that is 15 minutes after the then prevailing time), or, if it does appear but there is an obvious error on that date or the rate is permanently or indefinitely discontinued, the Rate of Interest for such Interest Period shall be such other successor rate or alternative rate for BBSW-linked floating rate notes at such time determined by the Issuer (acting in good faith and in a commercially reasonable manner) or an alternate financial institution appointed by the Issuer (in its sole discretion) to assist in determining the rate (in each case, a "**Determining Party**"), which rate is notified in writing to the Calculation Agent (with a copy to the Issuer) if determined by such Determining Party, together with such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for BBSW-linked floating rate notes at such time (together with such other adjustments to the Business Day Convention, Interest Determination Dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for BBSW-linked floating rate notes at such time), or, if

no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread as determined by such Determining Party (in consultation with the Issuer) to be appropriate. The Rate of Interest for such Interest Period will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%).

Each Noteholder shall be deemed to acknowledge, accept and agree to be bound by, and consents to, such determination of, substitution for and adjustments made to BBSW, as applicable, in each case as described in this Condition 5 (in all cases without the need for any Noteholder consent). Any determination of, substitution for and adjustments made to BBSW, as applicable, in each case described below will be binding on the Issuer, the Noteholder and each Agent.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)(B)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
 - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 5(e)(ii).
 - (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the fifth decimal place (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “**unit**” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

- (f) **Calculations:** The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, extract any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Notes or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, extract such offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Notes or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than:
- (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount; or
 - (ii) in all other cases, the fourth Business Day after such determination.

If the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall, forthwith following receipt of notification from the Calculation Agent, notify such exchange or other relevant authority of the Rate of Interest and the Interest Amounts for any relevant Interest Accrual Period, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount.

Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition

5(g) and notified to the Trustee, the Issuer, each of the Paying Agents and any other Calculation Agent appointed in respect of the Notes but no publication to Noteholders of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the extracting of any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Notes and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Determination or Calculation by an agent of the Issuer:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Issuer shall appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the extracting of any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Notes and the making of each determination or calculation by such agent of the Issuer pursuant to this Condition 5 shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Benchmark Discontinuation**

(i) Benchmark Discontinuation (General)

Where the applicable Pricing Supplement specifies this Condition 5(i)(i) as applicable:

(A) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use all reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(i)(i)(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(i)(i)(D)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(i)(i) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders for any determination made by it, pursuant to this Condition 5(i)(i).

If:

- (i) the Issuer is unable to appoint an Independent Adviser; or
- (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(i)(i)(A) prior to the relevant Interest Determination Date,

the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(i)(i)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(i)(i)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(i)(i)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser (in consultation with the Issuer) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(i)(i) and the Independent Adviser (in consultation with the Issuer) determines:

- (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and

- (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(i)(i)(E), without any requirement for the consent or approval of Noteholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Calculation Agent(s) and the Paying Agents of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 5(i)(i)(E), the Trustee, the Calculation Agent(s) and the Paying Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or, as the case may be, an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee, the Calculation Agent(s) and the Paying Agents shall not be obliged so to concur if in the opinion of the Trustee, the relevant Calculation Agent or the relevant Paying Agent (as the case may be), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the relevant Calculation Agent or the relevant Paying Agent (as the case may be) in these Conditions or the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or any supplemental agency agreement) in any way.

For the avoidance of doubt, the Trustee and the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and/or these Conditions as may be required in order to give effect to this Condition 5(i)(i)(D). Noteholders' consent shall not be required in connection with the effecting of the Successor Rate or the Alternative Rate (as applicable) or such other changes, including the execution of any documents or any steps by the Trustee and/or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

Notwithstanding any other provision of this Condition 5(i)(i)(D), no Agent is obliged to concur with the Trustee, the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(i)(i)(D) which, in the opinion of the relevant Agent, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the relevant Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(i)(i)(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(i)(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent(s), the Paying Agents and, in accordance with Condition 16, the Noteholders and the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent(s) and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(i) confirming:

- (a) that a Benchmark Event has occurred;
- (b) the Successor Rate or, as the case may be, the Alternative Rate;
- (c) the applicable Adjustment Spread; and
- (d) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(i)(i); and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent(s) and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or fraud in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the ability of the Trustee, the Calculation Agent(s) and the Paying Agents to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent(s), the Paying Agents and the Noteholders and Couponholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(i)(i)(A), 5(i)(i)(B), 5(i)(i)(C) and 5(i)(i)(D), the Original Reference Rate and the fallback provisions provided for in Conditions 5(b)(iii)(B), 5(b)(iii)(C), 5(b)(iii)(D), 5(b)(iii)(E) or 5(b)(iii)(F), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(G) Definitions:

As used in this Condition 5(i)(i):

“Adjustment Spread” means either:

- (i) a spread (which may be positive, negative or zero); or
- (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:
 - (x) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
 - (y) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
 - (z) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(i)(i)(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 5(i)(i)(D).

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur prior to the Maturity Date; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes and such prohibition is reasonably expected by the Issuer to occur prior to the Maturity Date; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent(s) and the Paying Agents. For the avoidance of doubt, none of the Trustee, the Calculation Agent(s) or the Paying Agents shall have any responsibility for making such determination.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by and at the expense of the Issuer under Condition 5(i)(i)(A).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:
 - (w) the central bank for the currency to which the benchmark or screen rate (as applicable) relates;
 - (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable);
 - (y) a group of the aforementioned central banks or other supervisory authorities; or
 - (z) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

Where the Original Reference Rate for a Series of Notes is EURIBOR, the Successor Rate could include the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk free rates established by the European Central Bank, the Financial Services and Markets Authority, the European Securities and Markets Authority and the European Commission, (ii) the European Money Market Institute, as the administrator of EURIBOR, (iii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the EURIBOR, or (iv) the national competent authority designated by each Member State under Regulation (EU) 2016/1011, or (v) the European Central Bank.

(ii) Benchmark Discontinuation (ARRC)

This Condition 5(i)(ii) shall only apply to U.S. dollar-denominated Notes where so specified in the relevant Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 5(i)(ii) as applicable:

(A) Benchmark Replacement

If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.

(B) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the

Agency Agreement and these Conditions as may be required to give effect to this Condition 5(i)(ii)(B). Noteholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(C) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(i)(ii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.

(D) Definitions

As used in this Condition 5(i)(ii):

"Benchmark" means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then **"Benchmark"** means the applicable Benchmark Replacement;

"Benchmark Replacement" means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **"Benchmark Replacement"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the sum of:

- (x) Term SOFR; and
- (y) the Benchmark Replacement Adjustment;

(ii) the sum of:

- (x) Compounded SOFR; and
- (y) the Benchmark Replacement Adjustment;

- (iii) the sum of:
 - (x) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor; and
 - (y) the Benchmark Replacement Adjustment;
- (iv) the sum of:
 - (x) the ISDA Fallback Rate; and
 - (y) the Benchmark Replacement Adjustment;
- (v) the sum of:
 - (x) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time; and
 - (y) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period” or “Interest Accrual Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its

designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of sub-clauses (i) or (ii) of the definition of “Benchmark Transition Event,” the later of:
 - (x) the date of the public statement or publication of information referenced therein; and
 - (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of sub-clause (iii) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with sub-clause (i) of this definition of “Compounded SOFR”, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

Notwithstanding the foregoing, Compounded SOFR will include such lookback and/or suspension period as specified in the relevant Pricing Supplement as a mechanism to determine the interest amount payable prior to the end of each Interest Period or Interest Accrual Period;

“Corresponding Tenor”, with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org> or any successor source;

“Interpolated Benchmark”, with respect to the Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means the London Interbank Offered Rate;

“Reference Time”, with respect to any determination of the Benchmark, means:

- (i) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London Business Days preceding the date of such determination; and
- (ii) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

“SOFR”, with respect to any day, means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website;

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (iii) Benchmark Discontinuation (SOR)

This Condition 5(i)(iii) shall only apply to Singapore dollar-denominated Notes where so specified in the relevant Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 5(i)(iii) as applicable:

- (A) Benchmark Replacement

If the Issuer or its Designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.

(B) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its Designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(i)(iii)(B). Noteholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(C) Decisions and Determinations

The Issuer or its Designee shall act in good faith and in a commercially reasonable manner when making any determination, decision or election pursuant to this Condition 5(i)(iii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection. The determination of the Issuer or its Designee will be conclusive and binding absent manifest error and shall become effective without consent from any other party.

Any determination, decision or election that may be made by the Issuer or its Designee pursuant to this Condition 5(i)(iii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its Designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.

(D) Definitions

As used in this Condition 5(i)(iii):

"Adjusted SOR" means (i) if the Benchmark is SOR, the synthetic rate for deposits in Singapore dollars for the Corresponding Tenor calculated based on actual transactions in the U.S. dollar to Singapore dollar foreign exchange swap market and a U.S. dollar interest rate calculated pursuant to the methodology used to calculate fallbacks for U.S. dollar LIBOR of the same Corresponding Tenor in the ISDA Definitions (inclusive of, for the avoidance of doubt, any spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to U.S. dollar LIBOR for the applicable Corresponding Tenor), and (ii) if the Benchmark is not SOR, the ISDA Fallback Rate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser, in consultation with the Issuer, determines as being customarily applied in market usage in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in Singapore dollars;

“Benchmark” means, initially, SOR (being the originally-specified Reference Rate used to determine the Rate of Interest), provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOR or the then-current Benchmark, then **“Benchmark”** means the applicable Benchmark Replacement;

“Benchmark Replacement” means the Interpolated Benchmark, provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Issuer or its Designee as of the Benchmark Replacement Date:

- (i) the sum of:
 - (x) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body or Relevant Nominating Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor; and
 - (y) the Benchmark Replacement Adjustment;
- (ii) the sum of:
 - (x) Adjusted SOR and (only if the Benchmark is not SOR); and
 - (y) the Benchmark Replacement Adjustment;
- (iii) the sum of:
 - (x) the Alternative Rate; and
 - (y) the Benchmark Replacement Adjustment.

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its Designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment that has been selected by the Issuer or its Designee having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for Singapore dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period” or “Interest Accrual Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Period and other administrative matters) that the Issuer or its Designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its Designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its Designee determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Issuer or its Designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of sub-clause (i) or (ii) of the definition of “Benchmark Transition Event”, the later of:
 - (x) the date of the public statement or publication of information referenced therein; and
 - (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of sub-clause (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for Singapore dollar, an insolvency official with jurisdiction over the administrator of the Benchmark, a resolution authority with jurisdiction over the administrator of the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator of the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Corresponding Tenor”, with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“Designee” means a designee as selected and separately appointed by the Issuer in writing, which may include a Subsidiary or affiliate of the Issuer or an Independent Adviser;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by and at the expense of the Issuer under this Condition 5(i)(iii);

“Interpolated Benchmark”, with respect to the Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means London Interbank Offered Rate;

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is SOR, 11:00 a.m. (London time) on the day that is two Singapore business days preceding the date of such determination, and (2) if the Benchmark is not SOR, the time determined by the Issuer or its Designee in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Monetary Authority of Singapore or any successor thereto;

“Relevant Nominating Body” means the Association of Banks in Singapore or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(iv) Benchmark Discontinuation (SORA)

This Condition 5(i)(iv) shall only apply to Singapore dollar-denominated Notes where so specified in the relevant Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 5(i)(iv) as applicable:

(A) Independent Adviser

If a SORA Index Cessation Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(i)(iv)(C) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(i)(iv)(D)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(i)(iv) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders for any determination made by it, pursuant to this Condition 5(i)(iv).

If:

- (i) the Issuer is unable to appoint an Independent Adviser; or
- (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(i)(iv)(A) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest which would have been applicable to the Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(i)(iv)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(i)(iv)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(i)(iv)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser (in consultation with the Issuer) is unable to determine the quantum of, or a formula or methodology for determining such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(i)(iv) and the Independent Adviser (in consultation with the Issuer) determines:

- (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(i)(iv)(E), without any requirement for the consent or approval of Noteholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Calculation Agent(s) and the Paying Agents of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 5(i)(iv)(E), the Trustee, the Calculation Agent(s) and the Paying Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or, as the case may be, an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee, the Calculation Agent(s) and the Paying Agents shall not be obliged so to concur

if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions or the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(i)(iv)(D). Noteholders' consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable) or such other changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

In connection with any such variation in accordance with this Condition 5(i)(iv)(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(i)(iv) will be notified promptly by the Issuer to the Trustee, the Calculation Agent(s), the Paying Agents and, in accordance with Condition 16, the Noteholders and the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent(s) and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(x) confirming:

- (a) that a SORA Index Cessation Event has occurred;
- (b) the Successor Rate or, as the case may be, the Alternative Rate;
- (c) the applicable Adjustment Spread; and
- (d) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(i)(iv); and

(y) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent(s) and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or fraud in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the ability of the Trustee, the Calculation Agent(s) and the Paying Agents to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent(s), the Paying Agents and the Noteholders.

(F) Definitions:

As used in this Condition 5(i)(iv):

“Adjustment Spread” means either:

- (i) a spread (which may be positive, negative or zero); or
- (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:
 - (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
 - (2) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
 - (3) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 5(i)(iv)(B) as being customarily applied in market usage in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in Singapore dollars.

“Benchmark Amendments” has the meaning given to it in Condition 5(i)(iv)(D).

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by and at the expense of the Issuer under Condition 5(i)(iv)(A).

“Original Reference Rate” means, initially, SORA (being the originally-specified benchmark rate used to determine Compounded Daily SORA and the Rate of Interest), provided that if a SORA Index Cessation Event has occurred with respect to SORA or the then-current Original Reference Rate, then **“Original Reference Rate”** means the applicable Successor Rate or Alternative Rate (as the case may be).

“Relevant Nominating Body” means:

- (i) the Monetary Authority of Singapore (or any successor supervisory authority which is responsible for supervising the administrator of the Original Reference Rate); or
- (ii) any working group or committee officially sponsored or endorsed by, chaired or co-chaired by or constituted at the request of the Monetary Authority of Singapore (or any successor supervisory authority which is responsible for supervising the administrator of the Original Reference Rate).

“SORA Index Cessation Event” means the occurrence of one or more of the following events:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Singapore Business Days or ceasing to exist; or
- (ii) a public statement or publication of information by or on behalf of the Monetary Authority of Singapore (or a successor administrator of the Original Reference Rate), the regulatory supervisor for the administrator of the Original Reference Rate, the central bank for the currency of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a resolution authority with jurisdiction over the administrator of the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, announcing that the administrator of the Original Reference Rate has ceased or that it will cease to provide the Original Reference Rate permanently or indefinitely, and such cessation is reasonably expected by the Issuer to occur prior to the Maturity Date, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate has been or will be permanently or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

- (iv) a public statement or publication of information by or on behalf of the Monetary Authority of Singapore (or the supervisor of a successor administrator of the Original Reference Rate) as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, and such prohibition is reasonably expected by the Issuer to occur prior to the Maturity Date; or
- (v) a public statement by or on behalf of the Monetary Authority of Singapore (or the supervisor of a successor administrator of the Original Reference Rate) that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market,

provided that the SORA Index Cessation Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above of this definition, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above of this definition, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above of this definition, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a SORA Index Cessation Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent(s) and the Paying Agents. For the avoidance of doubt, none of the Trustee, the Calculation Agent(s) or the Paying Agents shall have any responsibility for making such determination.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement of the Original Reference Rate (which rate may be produced by the Monetary Authority of Singapore or such other administrator).

(v) Qualification as Tier 2 Capital

Notwithstanding any other provision of Conditions 5(i)(i)(D), 5(i)(ii)(B), 5(i)(ii)(C), 5(i)(iii)(B), 5(i)(iii)(C) or 5(i)(iv)(D) (as applicable), no Successor Rate, Alternative Rate or Benchmark Replacement (as the case may be) will be adopted, nor will the applicable Adjustment Spread or Benchmark Replacement Adjustment (as the case may be) be applied, nor will any Benchmark Amendments or Benchmark Replacement Conforming Changes (as the case may be) be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 capital of the Issuer.

- (j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of Notes denominated in a currency other than Euro, Renminbi or Singapore dollars, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Hong Kong and in the principal financial centre for such currency; and/or

- (ii) in the case of Notes denominated in Euro, a day on which TARGET2 is operating (a “**TARGET2 Business Day**”) and a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Hong Kong and the principal financial centre for such currency; and/or
- (iii) in the case of Notes denominated in Renminbi:
 - (A) if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong; and
 - (B) if cleared through Euroclear and Clearstream, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Hong Kong; and/or
- (iv) in the case of Notes denominated in Singapore dollars:
 - (A) if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore; and
 - (B) if cleared through Euroclear and Clearstream, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Singapore and Hong Kong; and/or
- (v) in the case of a currency and/or one or more Financial Centres, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of:
 - (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;

- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31, in which case D₂ will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number is 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number is 31, in which case **D₂** will be 30; and

- (vii) if “**Actual/Actual – ICMA**” is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of:

(x) the number of days in such Determination Period; and

(y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of:

(1) the number of days in such Determination Period; and

(2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of:

(1) the number of days in such Determination Period; and

(2) the number of Determination Periods normally ending in any year;

where:

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and **“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Hong Kong dollars” means the lawful currency of Hong Kong.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified:

- (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi;
- (ii) the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Hong Kong dollars nor Euro nor Renminbi; or
- (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period End Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., (as may be updated, amended or supplemented from time to time) unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means:

- (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market;
- (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market;
- (iii) in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore interbank market; and
- (iv) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market,

in each case selected by the Issuer or as specified hereon.

“Reference Rate” means the rate specified as such hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any such successor or replacement page, section, caption, column or other part of a particular information service).

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant financial centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the relevant financial centre or, if no such customary local time exists, 11.00 a.m. in the relevant financial centre and, for the purpose of this definition, **“local time”** means, with respect to the Euro-zone as a relevant financial centre, Central European Time.

“Renminbi” or **“CNY”** means the lawful currency of the PRC.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“Sterling” means the lawful currency of the United Kingdom.

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System which was launched on 19 November 2007 or any successor thereto.

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior written notice to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless otherwise provided hereon and unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the "**Amortised Face Amount**" (calculated as provided below in this Condition 6(b)(i)) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of Condition 6(b)(i)(C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(b)(i) (B) above, except that Condition 6(b)(i) shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(b)(i)(C) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The *Early Redemption Amount* payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:**

- (i) *Senior Notes:* The Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, (the “**Senior Notes Optional Tax Redemption**”) on any Interest Payment Date (if such Senior Note is a Floating Rate Note) or, if so specified hereon, at any time (if such Senior Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) (together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts (as defined in Condition 8) then due or which will become due on or before the date fixed for redemption), if:

(A) the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of Singapore or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident), or any change in the official application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Senior Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Senior Notes then due.

Before the publication of any notice of redemption pursuant to this Condition 6(c)(i), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled (but shall not be obliged) without further enquiry and without liability to any Noteholder, Receiptholder, Couponholder or any other person to accept and rely upon such certificate and/or opinion as conclusive evidence of the satisfaction of the conditions precedent set out above in this Condition 6(c)(i), in which event such certificate and opinion shall be conclusive and binding on Noteholders, Receiptholders and Couponholders.

- (ii) *Subordinated Notes*: Subject to Condition 6(k), the Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, (the “**Subordinated Notes Optional Tax Redemption**” and together with the Senior Notes Optional Tax Redemption, the “**Optional Tax Redemption**”) on any Interest Payment Date (if such Subordinated Note is at the relevant time a Floating Rate Note) or at any time (if such Subordinated Note is at the relevant time not a Floating Rate Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption or, if the Early Redemption Amount is not specified hereon, at their nominal amount, together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay Additional Amounts; or
- (B) payments of interest on the Subordinated Notes will or would no longer be regarded as “sums payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) or would otherwise be considered as payments of a type that are not deductible for Singapore income tax purposes,

in each case as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of Singapore or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident), or any change in the official application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the Subordinated Notes, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, *provided that*, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Subordinated Notes then due.

Before the publication of any notice of redemption pursuant to this Condition 6(c)(ii), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled (but shall not be obliged) without further enquiry and without liability to any Noteholder or any other person to accept and rely upon such certificate and/or opinion as conclusive evidence of the satisfaction of the conditions precedent set out above in this Condition 6(c)(ii), in which event such certificate and opinion shall be conclusive and binding on Noteholders.

Any redemption of Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

(d) **Redemption at the option of the Issuer:**

- (i) *Senior Notes:* If Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (or such other notice period as may be specified hereon), redeem all or, if so provided, some of the Notes on the date(s) specified hereon (the "**Senior Notes Optional Redemption Date**"). Any such redemption of Senior Notes shall be at the Optional Redemption Amount specified hereon together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Senior Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption of Senior Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as is appropriate taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (ii) *Subordinated Notes:* Subject to Condition 6(k), and unless otherwise specified in the applicable Pricing Supplement, if Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing, elect to redeem all, but not some only, of the Subordinated Notes on the relevant date(s) specified hereon (which shall not be less than five years from the Issue Date) (the "**Subordinated Notes Optional Redemption Dates**" and together with the Senior Notes Optional Redemption Date, the "**Optional Redemption Dates**") at their Optional Redemption Amount specified hereon or, if no Optional Redemption Amount is specified hereon, at their nominal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption in accordance with these Conditions.

All Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

Any redemption of Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

- (e) **Redemption at the option of holders of Senior Notes:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Senior Note, upon the holder of such Senior Note giving not less than 15 nor more than 30 days' irrevocable notice to the Issuer (or such other notice period as may be specified hereon), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No such Senior Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer.

For the avoidance of doubt, the Subordinated Notes are not redeemable prior to the Maturity Date at the option of the Noteholders.

- (f) **Redemption for Change of Qualification Event in respect of Subordinated Notes:**

Subject to Condition 6(k), if as a *result of*

- (i) any change to the relevant requirements issued by the MAS in relation to the qualification of any Subordinated Notes as Tier 2 Capital Securities;
- (ii) any change in the application of official or generally published interpretation of such relevant requirements issued by the MAS or any relevant authority (including a ruling or notice issued by the MAS or any relevant authority) regarding the qualification of any Subordinated Notes as Tier 2 Capital Securities; or
- (iii) any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of any Subordinated Notes as Tier 2 Capital Securities,

which change or amendment:

- (A) becomes, or would become, effective on or after the Issue Date; or
- (B) in the case of a change to the relevant requirements issued by the MAS, if such change is issued by the MAS, on or after the Issue Date,

the relevant Subordinated Notes (in whole or in part) would not qualify as Tier 2 Capital Securities (a “**Change of Qualification Event**”), then the Issuer may, having given not less than 30 nor more than 60 days’ prior written notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (which notice shall be irrevocable), redeem in accordance with these Conditions on any Interest Payment Date (if this Subordinated Note is at the relevant time a Floating Rate Note) or at any time (if this Subordinated Note is at the relevant time not a Floating Rate Note) all, but not some only, of the relevant Subordinated Notes, at their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their nominal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that a Change of Qualification Event has occurred and the Trustee shall be obliged without any enquiry or investigation to accept such certificate as conclusive evidence of the satisfaction of the conditions set out above in this Condition 6(f), and such acceptance shall be without liability to any Noteholders or any other person. Such certificate shall be conclusive and binding on the Noteholders.

Any redemption of Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

- (g) **Purchases:** The Issuer and any of its Subsidiaries (with the prior written approval of the MAS, for so long as the Issuer is required to obtain such approval, in the case of the Subordinated Notes) may at any time purchase Notes (*provided that* all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Notes are listed, the requirements of the relevant stock exchange. The Issuer or any such Subsidiary may, at its option, retain such purchased Notes for its own account and/or resell or cancel or otherwise deal with them at its discretion. The Notes so purchased, while beneficially held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including for purpose of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 or 12.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

- (i) **No Obligation to Monitor:** Neither the Trustee nor any of the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and none of them will be responsible or liable to the Noteholders, the Receiptholders or the Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance has occurred or exists.
- (j) **Calculations:** Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any Instalment Amount, any Amortised Face Amount, any Early Redemption Amount, any Optional Redemption Amount or any other amount payable under any notice of redemption under this Condition 6, whether from the Issuer or any Noteholder and none of them shall be liable to the Noteholders, the Issuer or any other person for not doing so.
- (k) **Redemption Conditions of Subordinated Notes:** Any redemption under Condition 6(c), 6(d), 6(e) or 6(f) of the Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(g)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(g)(ii)), as the case may be:
 - (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, a Bank; and
 - (ii) in the case of Renminbi, by transfer to a relevant account maintained by or on behalf of the Noteholder. If a holder does not maintain a relevant account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, *provided that* the Issuer shall not have any obligation to make any such arrangements.

In this Condition 7(a):

“**Bank**” means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to TARGET2; and

“**relevant account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Singapore or Hong Kong.

- (b) **Registered Notes:**
 - (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business:

(A) in the case of a currency other than Renminbi, on the 15th day before the due date for payment thereof; and

(B) in the case of Notes denominated in Renminbi, on the fifth business day before the due date for payment (the “**Record Date**”). Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(y) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

In this Condition 7(b), “**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Singapore or Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or CDP, as the beneficial holder of a particular nominal amount of Notes represented by a Global Note or, as the case may be, a Global Certificate must look solely to Euroclear, Clearstream or CDP, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note or, as the case may be, such Global Certificate.

(c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

(i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due;

(ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and

(iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments subject to fiscal laws:** Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by

such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CDP Paying Agent, the other Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CDP Paying Agent, the other Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Issuing and Paying Agent, the CDP Paying Agent, any other Paying Agent, the Registrars, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain:
- (i) an Issuing and Paying Agent;
 - (ii) a Registrar in relation to Registered Notes;
 - (iii) a Transfer Agent in relation to Registered Notes;
 - (iv) a CDP Paying Agent in relation to Notes accepted for clearance through the CDP System;
 - (v) one or more Calculation Agent(s) where these Conditions so require;
 - (vi) a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for definitive Notes, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require; and
 - (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed,

in each case as approved in writing by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7 (c) above.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Unless the Notes provide that the relevant Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a

period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity and/or security as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in the location of the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such other jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than Euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in Euro) which is a TARGET2 Business Day; or

- (iii) (in the case of Renminbi where the Notes are cleared through Euroclear or Clearstream) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in London and Hong Kong; or
 - (iv) (in the case of Renminbi where the Notes are cleared through the CDP System or where the Notes are in definitive form) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.
- (i) **Renminbi fallback:** Notwithstanding the foregoing and subject to Condition 6(k), if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not, in its sole and absolute discretion, able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi (in the case of Notes cleared through Euroclear or Clearstream) in Hong Kong, or (in the case of Notes cleared through the CDP System) in Singapore, the Issuer shall, on giving not less than 15 nor more than 30 business days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment (in the case of Notes cleared through Euroclear or Clearstream) in U.S. dollars, or (in the case of Notes cleared through the CDP System) in Singapore dollars, on the due date at (in the case of Notes cleared through Euroclear or Clearstream) the U.S. Dollar Equivalent, or (in the case of Notes cleared through the CDP System) the Singapore Dollar Equivalent, of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Interest on the Notes will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant principal or interest in respect of the Notes shall be made by:

- (i) in the case of Notes cleared through Euroclear or Clearstream, transfer to a U.S. dollar denominated account maintained by the holder with a bank in New York City; and the definition of "**business day**" for the purpose of this Condition 7(i) shall mean any day on which banks and foreign exchange markets are open for general business in the relevant place of presentation, and New York City; or
- (ii) in the case of Notes cleared through the CDP System, transfer to a Singapore dollar denominated account maintained by the payee with a bank in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(i) by the Calculation Agent will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agents and all Noteholders.

In this Condition 7(i):

"Determination Business Day" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign exchange):

- (i) in the case of Notes cleared through Euroclear or Clearstream, in Hong Kong, in Singapore and New York City; or
- (ii) in the case of Notes cleared through the CDP System, in Singapore;

“Determination Date” means the day which:

- (i) in the case of Notes cleared through Euroclear or Clearstream, is five Determination Business Days before the due date for payment of the relevant amount under these Conditions; or
- (ii) in the case of Notes cleared through the CDP System, is 15 Determination Business Days before the due date for payment of the relevant amount under these Conditions;

“Governmental Authority” means:

- (i) in the case of Notes cleared through Euroclear or Clearstream, any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, the MAS or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

“Illiquidity” means:

- (i) in the case of Notes cleared through Euroclear or Clearstream, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or
- (ii) in the case of Notes cleared through the CDP System, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

“Inconvertibility” means the occurrence of any event that makes it impossible (where it had been previously possible) for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market and, in the case of Notes cleared through Euroclear or Clearstream, Hong Kong, or, in the case of Notes cleared through the CDP System, Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts:

- (i) in the case of Notes cleared through Euroclear or Clearstream, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or
- (ii) in the case of Notes cleared through the CDP System, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“PRC” means the People’s Republic of China (excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan);

“Renminbi Dealer” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in:

- (i) in the case of Notes cleared through Euroclear or Clearstream, in Hong Kong; and
- (ii) in the case of Notes cleared through the CDP System, in Singapore;

“Singapore Dollar Equivalent” means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date;

“Spot Rate” means:

- (i) in the case of Notes cleared through Euroclear or Clearstream, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3 or, if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF; or

If such rate is not available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means such display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; or

- (ii) in the case of Notes cleared through the CDP System, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(i) by the Calculation Agent will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agents and all Noteholders; and

“U.S. Dollar Equivalent” means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a deduction or withholding by or within Singapore, the Issuer shall pay such additional amounts (the **“Additional Amounts”**) as shall result in receipt by the Receiptholders, Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is:
 - (i) treated as a resident of or as having a permanent establishment in Singapore for tax purposes; or
 - (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt, Talon or Coupon by reason of his having some connection with Singapore other than the holding or ownership of the Note, Receipt, Talon or Coupon or receiving income therefrom, or the enforcement thereof; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements concerning the nationality, residence, identity or other attributes of the holder or beneficial owner or by making or procuring that any third party makes a declaration of residence, non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or

- (c) **Presentation more than 30 days after the Relevant Date:** where presentation is required or has occurred, presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt, Talon or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Note (or relevant Certificate representing it), Receipt, Talon or Coupon being made in accordance with these Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation. References in these Conditions to:

- (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;
- (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and
- (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision of these Conditions, all payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

For the avoidance of doubt, neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 and none of the Trustee or any of the Agents shall be responsible or liable for (A) determining whether the Issuer or any Noteholder, Receiptholder or Couponholder is liable to pay any taxes, duty, charges, withholding or other payment referred to in this Condition; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or the Agents shall be responsible or liable for any failure of the Issuer, any Noteholder, Receiptholder or Couponholder, or any other third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

Where interest, discount income, prepayment fee, redemption premium or break cost 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 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, prepayment fee, redemption premium or break cost 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.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

- (a) **Senior Notes:** If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), give notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:
- (i) *Non-Payment:* default is made for more than 14 Business Days (in the case of interest) or seven Business Days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior Notes;
 - (ii) *Breach of Other Obligations:* the Issuer does not perform or comply with any one or more of its other obligations under the Senior Notes or the Trust Deed, which default has not been remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee;
 - (iii) *Cross-default:* (A) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(a)(iii) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent in other currency or currencies;
 - (iv) *Enforcement Proceedings:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or substantially the whole of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days;

- (v) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of all its creditors or a moratorium is agreed or declared by the Issuer in respect of all or a material part of the debts of the Issuer or any of its Principal Subsidiaries;
- (vi) *Winding-up*: a judicial manager is appointed in relation to the Issuer or any of its Principal Subsidiaries, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens, through an official action of its board of directors, to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution;
- (vii) *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer or any of its Principal Subsidiaries;
- (viii) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time which is required to be taken, done, fulfilled or performed in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Senior Notes and the Trust Deed, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Senior Notes and the Trust Deed admissible in evidence in the courts of England or Singapore (as the case may be) is not taken, done fulfilled or performed;
- (ix) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes or the Trust Deed; or
- (x) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(a)(iv) to 10(a)(vi) (inclusive).

In this Condition 10(a):

“**Group**” means the Issuer and its Subsidiaries; and

“**Principal Subsidiary**” means at any time a Subsidiary of the Issuer:

- (A) whose assets or revenue, as the case may be, represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, are equal to) not less than 10 per cent. of the consolidated total assets or consolidated revenue, as the case may be, of the Group, as calculated by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Group, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, the reference to the then latest audited consolidated accounts of the Group for the purposes of the calculation above shall, until consolidated accounts

for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited consolidated accounts, adjusted as deemed appropriate by the Issuer;

- (B) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that: (I) the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall become a Principal Subsidiary and (II) on or after the date on which the first published audited consolidated accounts of the Group, prepared as of a date later than such transfer, are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined by virtue of the provisions of sub-paragraph (A) or (B) of this definition by reference to such audited consolidated accounts prepared after the date of such transfer; or
- (C) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, makes up not less than 10 per cent. of the consolidated total assets of the Group or generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, generate revenue equal to) not less than 10 per cent. of the consolidated revenue of the Group, in each case calculated as referred to in sub-paragraph (A) above, provided that: (I) the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets makes up not less than 10 per cent. of the consolidated total assets of the Group or generate (or, in the case aforesaid, generate revenue equal to) not less than 10 per cent. of the consolidated revenue of the Group, in each case as calculated as referred to in sub-paragraph (A) above, and (II) on or after the date on which the first published audited consolidated accounts of the Group, prepared as of a date later than such transfer, are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined by virtue of the provisions of sub-paragraph (A) of this definition by reference to such audited consolidated accounts prepared after the date of such transfer.

(b) **Subordinated Notes:** In the case of the Subordinated Notes:

- (i) *Default:* “**Default**”, wherever used in this Condition 10(b), means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) failure to pay principal of or interest on any Subordinated Note (which default in the case of principal continues for seven Business Days and in the case of interest continues for 14 Business Days) after the due date for such payment.
- (ii) *Enforcement:* If a Default occurs in relation to the Subordinated Notes and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. The Trustee shall have no right to enforce payment under or accelerate payment of any Subordinated Note in the case of such Default in payment on such Subordinated Note or a default in the performance of any other covenant of the Issuer in such

Subordinated Note or in the Trust Deed except as provided for in this Condition 10 and Clause 7 of the Trust Deed.

Subject to the subordination provisions as set out in Condition 3 and in Clause 5 and Clause 7 of the Trust Deed, if a court order is made or an effective resolution is passed for the winding-up of the Issuer, there shall be payable on the relevant Subordinated Notes, after the payment in full of all claims of all the Relevant Creditors, but in priority to holders of share capital of the Issuer and any other Tier 1 Capital Securities, such amount remaining after the payment in full of all claims of all the Relevant Creditors up to, but not exceeding, the nominal amount of the relevant Subordinated Notes together with interest accrued to the date of repayment.

- (iii) *Rights and Remedies upon Default:* If a Default in respect of the payment of principal of, or interest on, the Subordinated Notes occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. If the Issuer shall default in the performance of any obligation contained in the Trust Deed or the relevant Subordinated Notes other than a Default specified in Condition 10(b)(i) above, the Trustee and the Noteholders shall be entitled to every right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Subordinated Note except as provided in this Condition 10 and Clause 7 of the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed, the relevant Subordinated Notes, the payment of such money damages or other restitution shall be subject to the subordination provisions set out herein and in Clause 5 and Clause 7 of the Trust Deed.
- (iv) *Entitlement of the Trustee:* The Trustee shall not be bound to take any of the actions referred to in Condition 10(b)(ii) and Condition 10(b)(iii) above or any other actions under these Conditions or Clause 7.2 of the Trust Deed or any other action under the Trust Deed unless (A) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least 25 per cent. in nominal amount of the relevant Subordinated Notes then outstanding and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.
- (v) *Rights of holders:* No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and these Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer in respect of the relevant Subordinated Notes, other than as referred to in this Condition 10 and Clause 7 of the Trust Deed, shall be available to the Trustee or any Noteholder whether for the recovery of amounts owing in relation to or arising from the relevant Subordinated Notes and/or, in respect of the relevant Subordinated Notes, the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the relevant Subordinated Notes and/or, in respect of the relevant Subordinated Notes, the Trust Deed.

11 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provision of the Trust Deed and/or the Agency Agreement. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*,
- (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes;
 - (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes;
 - (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes (except as a result of any modification contemplated in Condition 5(i));
 - (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest;
 - (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount;
 - (vi) to vary the currency or currencies of payment or denomination of the Notes;
 - (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply;
 - (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution; or
 - (ix) to amend the subordination provisions in the Trust Deed or to modify Condition 3 in respect of the Subordinated Notes,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders and Receiptholders.

The Trust Deed provides that a resolution (x) in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (y) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The consent or approval of the Noteholders shall not be required in the case of amendments to these Conditions pursuant to Condition 5(i) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 5(i), where the requirements of Condition 5(i) have been satisfied (including the provision of a certificate to the Trustee, where applicable).

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed, etc., and waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to
- (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of applicable law or as required by CDP and/or Euroclear and/or Clearstream; and
 - (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. [Notwithstanding any other provision of these Conditions or the Trust Deed, no modification to any Condition or any provision of the Trust Deed may be made without the prior written approval of the MAS, to the extent that such modification changes or otherwise affects the eligibility of the Subordinated Notes as Tier 2 Capital Securities.]³

Any such modification, authorisation or waiver shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified to the Noteholders as soon as practicable.

- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, the Receiptholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

³ Include for Subordinated Notes.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions and/or duties and/or exercise of its rights, powers and/or discretions under the Trust Deed, the Agency Agreement and/or these Conditions (including, but not limited to, those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders, the Receiptholders or the Couponholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and the Trustee shall not be entitled to require on behalf of any Noteholder, Receiptholder or Couponholder, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders.

12 Enforcement in respect of Senior Notes

In the case of Senior Notes, at any time after the Senior Notes become due and payable, the Trustee may (but shall not be obliged to), at its discretion and without further notice, take such steps and/or such actions and/or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Senior Notes, the Receipts and the Coupons, but it need not take any such proceedings unless:

- (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in nominal amount of the Senior Notes outstanding; and
- (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.

No Noteholder, Receiptholder or Couponholder in respect of Senior Notes may proceed directly against the Issuer unless the Trustee, having become bound so to proceed (in accordance with the terms of the Trust Deed and these Conditions), fails to do so within a reasonable time and such failure is continuing, in which case such Noteholder, Receiptholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, and/or these Conditions and/or in respect of the Notes or from taking any other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of the Noteholders, Receiptholders or Couponholders. The Trust Deed provides that, when determining whether an indemnity and/or any security and/or pre-funding is satisfactory to it, the Trustee shall be entitled (a) to evaluate its risk in any given circumstance by considering the worst case scenario and (b) to require that any indemnity and/or security and/or pre-funding given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trustee may accept and rely without liability to Noteholders, Receiptholders, Couponholders or any other person on a report, confirmation or certificate or any advice or opinion of any legal counsels, accountants, financial advisers, financial institution or any

other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation, certificate, advice or opinion and such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Trustee, the Noteholders, the Receipholders and the Couponholders.

Whenever the Trustee is required or entitled by these terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and/or any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default (as defined in the Trust Deed), as the case may be, has occurred or may occur or to monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement and/or these Conditions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer or any person or body corporate associated (directly or indirectly) with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receipholders or Couponholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer, the Issuing and Paying Agent and/or the Registrar in respect of such Notes, Certificates, Receipts, Coupons or further Coupons or Talons) and otherwise as the Issuer and/or the relevant Agent may require in their sole discretion. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders, the Couponholders or the Receiptholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Bearer Notes and Registered Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times*) or, so long as Notes are listed on the SGX-ST, published on the website of the SGX-ST. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any published notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of CDP, Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Noteholders shall be given by delivery of the relevant notice to CDP (subject to the agreement of CDP), Euroclear or

Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, except that if the Notes are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published as provided above.

17 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue to be in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

18 Contracts (Rights of Third Parties) Act

[Without prejudice to the rights of the Noteholders as set out in these Conditions, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.]⁴

[Without prejudice to the rights of the Noteholders as set out in these Conditions, no person shall have the right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.]⁵

19 Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed[, as supplemented by the Singapore Supplemental Trust Deed]⁶, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, [English law]⁴ [,save that the provisions in relation to subordination, set-off and payment void, default and enforcement are governed by and shall be construed in accordance with Singapore law]⁶ [Singapore law]^{7,8}.

⁴ Include for Notes governed by English law.

⁵ Include for Notes governed by Singapore law.

⁶ Include for Subordinated Notes governed by English law.

⁷ Include for Senior Notes governed by Singapore law.

⁸ Include for Subordinated Notes governed by Singapore law.

- (b) **Jurisdiction:** [The courts of [England]^{9,11} [Singapore]¹² are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons[, save that the courts of Singapore shall have exclusive jurisdiction to settle any disputes that arise out of or are in connection with the provisions in relation to subordination, set-off and payment void, default and enforcement]¹¹ and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts.]^{9,12} [Insofar that the Proceedings do not arise out of or are in connection with the provisions in relation to subordination, set-off and payment void, default and enforcement,]¹¹ [The Issuer irrevocably submits to the jurisdiction of the courts of [England]⁹ [Singapore]¹² and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).]^{9,12} [Insofar that the Proceedings arise out of or are in connection with the provisions in relation to subordination, set-off and payment void, default and enforcement, all parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.]¹¹

[The courts of Singapore are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) shall be brought in such courts. All parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.]¹⁰

- (c) **[Service of Process:** The Issuer has in the Trust Deed irrevocably appointed Hackwood Secretaries Limited of One Silk Street, London, EC2Y 8HQ as its agent to accept service of documents in connection with proceedings in England and Wales in any Proceedings, service upon whom shall be deemed completed whether or not forwarded to or received by the Issuer. If for any reason Hackwood Secretaries Limited ceases to be appointed or is otherwise unable to accept service of process on behalf of the Issuer in England, the Issuer shall immediately appoint a new agent to accept such service of process in England.]⁹

20 Headings

Headings are for convenience only and do not affect the interpretation of these Terms and Conditions.

⁹ Include for Notes governed by English law.

¹⁰ Include for Notes governed by Singapore law.

¹¹ Include for Subordinated Notes governed by English law.

¹² Include for Senior Notes governed by Singapore law.

TERMS AND CONDITIONS OF THE PERPETUAL CAPITAL SECURITIES

*The following is the text of the terms and conditions (the “**Conditions**”) that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Perpetual Capital Securities in definitive form (if any) issued in exchange for the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Certificates relating to such Perpetual Capital Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the Certificates. References in the Conditions to “**Perpetual Capital Securities**” are to Perpetual Capital Securities of one Series only and not to all Perpetual Capital Securities that may be issued under the Programme.*

The Perpetual Capital Securities are constituted by a trust deed dated 2 July 2020 (as amended and/or supplemented as at the date of issue of the Perpetual Capital Securities (the “**Issue Date**”) and as the same may be further amended, restated, novated and/or supplemented, the “**Trust Deed**”) between NTUC Income Insurance Co-operative Limited (the “**Issuer**”) and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”, which expression shall, whenever the context so admits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Securityholders (as defined below) [as supplemented by the Singapore supplemental trust deed dated 2 July 2020 (as amended and/or supplemented as at the Issue Date and as the same may be further amended, restated, novated and/or supplemented, the “**Singapore Supplemental Trust Deed**”) among the Issuer and the Trustee]¹ and, where applicable, the Perpetual Capital Securities which are specified in the applicable Pricing Supplement to be held in and cleared through The Central Depository (Pte) Limited (“**CDP**”) are issued with the benefit of a deed of covenant dated 2 July 2020 relating to the Perpetual Capital Securities executed by the Issuer (as amended, varied and/or supplemented from time to time, the “**CDP Deed of Covenant**”).

These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, [as supplemented by the Singapore Supplemental Trust Deed,]¹ which includes the form of the Perpetual Capital Securities and Certificates referred to below. An agency agreement dated 2 July 2020 (as amended and/or supplemented as at the Issue Date and as the same may be further amended, restated, novated and/or supplemented, the “**Agency Agreement**”) has been entered into in relation to the Perpetual Capital Securities between the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as issuing and paying agent, registrar, transfer agent and, where appointed in relation to a series of Perpetual Capital Securities, calculation agent in respect of Perpetual Capital Securities cleared through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”), The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as CDP paying Agent, registrar, transfer agent and, where appointed in relation to a series of Perpetual Capital Securities, calculation agent in respect of Perpetual Capital Securities cleared through the computerised system operated by the CDP (the “**CDP System**”) and the other agents named in it. The issuing and paying agent, the CDP paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CDP Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CDP Paying Agent), the “**Registrars**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”.

¹ Include for Perpetual Capital Securities governed by Singapore law.

For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Perpetual Capital Securities to be held in the CDP, be deemed to be a reference to the CDP Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed, [as supplemented by the Singapore Supplemental Trust Deed,]² the CDP Deed of Covenant and the Agency Agreement referred to above are available for inspection by the Securityholders free of charge at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m.) at the principal office of the Trustee (being at the Issue Date at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #45-01, Singapore 018983) and at the specified office of the Issuing and Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent.

The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, all the provisions of the Trust Deed, [as supplemented by the Singapore Supplemental Trust Deed,]² and the applicable Pricing Supplement, and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The Pricing Supplement for this Perpetual Capital Security (or the relevant provisions thereof) is attached to or endorsed on this Perpetual Capital Security. References to “**applicable Pricing Supplement**” are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed on this Perpetual Capital Security.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be.

As used in these Conditions, “**Tranche**” means Perpetual Capital Securities which are identical in all respects and “**Series**” means a series of Perpetual Capital Securities comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of Distribution and their issue price) have identical terms on issue and are expressed to have the same series number.

1 Form, Denomination and Title

- (a) **Form and Denomination:** The Perpetual Capital Securities are issued in registered form only, in each case in the Specified Denomination(s) shown hereon.

All Perpetual Capital Securities shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Perpetual Capital Securities which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of GBP100,000 (or its equivalent in other currencies). Perpetual Capital Securities which are listed on the Singapore Exchange Securities Trading Limited or any successor thereto (the “SGX-ST”) will be traded on the SGX-ST in a minimum board lot size of SGD200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. In the case of any Perpetual Capital Securities which are to be admitted to trading on a regulated market within the European Economic Area or in the United Kingdom or offered to the public in a Member State of the European Economic Area or in the United Kingdom in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129 (as amended or superseded), the minimum Specified Denomination shall be EUR100,000 (or its equivalent in any other currency as at the date of issue of the relevant Perpetual Capital Securities).

² Include for Perpetual Capital Securities governed by Singapore law.

Each Perpetual Capital Security may be a Fixed Rate Perpetual Capital Security or a Floating Rate Perpetual Capital Security, a combination of any of the foregoing or any other kind of Perpetual Capital Security, depending upon the Distribution and Redemption/Payment Basis shown hereon.

Perpetual Capital Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Perpetual Capital Securities by the same holder.

- (b) **Title:** Title to the Perpetual Capital Securities shall pass by registration in the register that the Issuer shall procure to be kept by the relevant Registrar (the “**Register**”). The Issuer may appoint a registrar (the “**Alternative Registrar**”) in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series. In these Conditions, “**Registrar**” includes the Registrar or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Perpetual Capital Security shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

For so long as any of the Perpetual Capital Securities is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear and/or Clearstream as the holder of a particular nominal amount of such Perpetual Capital Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream as to the nominal amount of such Perpetual Capital Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Perpetual Capital Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Perpetual Capital Securities, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Perpetual Capital Securities.

For so long as any of the Perpetual Capital Securities is represented by a Global Certificate held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Capital Securities (in which regard any certificate or other document issued by the Depository as to the principal amount of such Perpetual Capital Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the absolute holder of such principal amount of Perpetual Capital Securities other than with respect to the payment of principal, interest and any other amounts in respect of the Perpetual Capital Securities, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Trustee and the Agents as the holder of such Perpetual Capital Securities in accordance with and subject to the terms of such Global Certificate.

In these Conditions, “**Securityholder**” means the person in whose name a Perpetual Capital Security is registered (as the case may be), “**holder**” (in relation to a Perpetual Capital Security) means the person in whose name a Perpetual Capital Security is registered and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Perpetual Capital Securities.

2 Transfers of Perpetual Capital Securities

- (a) **Transfer of Perpetual Capital Securities:** One or more Perpetual Capital Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Perpetual Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer, without service charge and subject to payment of any taxes, duties and other governmental charges in respect of such transfer. In the case of a transfer of part only of a holding of Perpetual Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Capital Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, and by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available (free of charge to the Securityholders and at the Issuer's expense) by the Registrar to any Securityholder following prior written request and proof of holding and identity satisfactory to the Registrar. No transfer of title to any Perpetual Capital Securities will be valid unless and until entered on the Register.

Transfers of interests in the Perpetual Capital Securities represented by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

A beneficial interest in a Global Certificate representing Perpetual Capital Securities will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form or for a beneficial interest in another Global Certificate representing such Perpetual Capital Securities only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream or CDP, as the case may be, the provisions of the relevant Global Certificate and the terms and conditions specified in the Agency Agreement. Transfers of a Global Certificate representing Perpetual Capital Securities registered in the name of a nominee of a common depository for Euroclear, Clearstream or CDP shall be limited to transfers of such Global Certificate, in whole but not in part, to another nominee of Euroclear, Clearstream or CDP (as the case may be) or to a successor of Euroclear, Clearstream or CDP (as the case may be) or such successor's nominee.

- (b) **Exercise of Options or Partial Redemption in Respect of Perpetual Capital Securities:** In the case of an exercise of the Issuer's option in respect of, or a partial redemption of, a holding of Perpetual Capital Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed, as the case may be. In the case of a partial exercise of an option resulting in Perpetual Capital Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Capital Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Perpetual Capital Securities to a person who is already a holder of Perpetual Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) or 2(b) shall be available for delivery within seven business days of receipt of the request for transfer, exercise, redemption or exchange, form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for transfer, exercise, redemption or exchange, form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “**business day**” means a day, other than a Saturday, Sunday or gazetted public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (d) **Transfers Free of Charge:** Transfers of Perpetual Capital Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon (i) payment by the relevant Securityholder of any tax, duties or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent (as the case may be) may require); (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) as the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion that the regulations concerning transfer of the Securities have been complied with).
- (e) **Closed Periods:** No Securityholder may require the transfer of a Perpetual Capital Security to be registered:
- (i) during the period of 15 days ending on the due date for redemption of that Perpetual Capital Security;
 - (ii) during the period of 15 days prior to any date on which Perpetual Capital Securities may be called for redemption by the Issuer at its option pursuant to Condition 6(d);
 - (iii) after any such Perpetual Capital Security has been called for redemption; or
 - (iv) during the period of 15 days ending on (and including) any date on which payment is due.

3 Status

(a) **Status of Perpetual Capital Securities:**

The Perpetual Capital Securities (being any Perpetual Capital Securities specified as such in the applicable Pricing Supplement) constitute direct, unsecured and subordinated (pursuant to Condition 3(b)) obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated as described below.

(b) **Subordination:**

Upon the occurrence of any winding-up proceedings, the rights of the Securityholders to payment of principal of and Distributions (as described in Condition 4) on the Perpetual Capital Securities and any other obligations in respect of the Perpetual Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Relevant Creditors and will rank senior to the Junior Obligations. The Perpetual Capital Securities will rank *pari passu* with Additional Tier 1 Capital Securities and any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Perpetual Capital Securities. In the event that:

- (i) the Securityholders do not receive payment in full of principal due and payable in respect of the Perpetual Capital Securities plus Distributions thereon accrued to the date of repayment in any winding-up of the Issuer; and
- (ii) the winding-up order or resolution passed for the winding-up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative,

then to the extent that such Securityholders did not receive payment in full of such principal of and Distributions on such Perpetual Capital Securities, such unpaid amounts shall remain payable in full; *provided that* payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 10 and Clause 5 and Clause 7 of the Trust Deed.

The Issuer has agreed, pursuant to the terms of the Trust Deed, to indemnify the Securityholders against any loss incurred as a result of any judgment or order being given or made for any amount due under the Perpetual Capital Securities and such judgment or order being expressed and paid in a currency other than the Specified Currency. Any amounts due under such indemnification will be similarly subordinated in right of payment with other amounts due on the Perpetual Capital Securities and payment thereof shall be subject to the provisions under this Condition 3 and Condition 10(b) and Clause 7.3 of the Trust Deed.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Securityholders after the claims of the parties ranking senior to the Securityholders (as provided in this Condition 3 and Clause 5 of the Trust Deed) have been satisfied.

In these Conditions:

“Additional Tier 1 Capital Securities” means:

- (i) any security issued by the Issuer; or
- (ii) any other similar obligation issued by any Subsidiary of the Issuer that is guaranteed by the Issuer,

that, in each case, constitutes Additional Tier 1 capital of the Issuer pursuant to the relevant requirements of the MAS set out in MAS Notice 133;

“Junior Obligations” means:

- (i) any Share; and
- (ii) any class of the Issuer’s share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, junior to a Perpetual Capital Security;

“**MAS**” means the Monetary Authority of Singapore or such other governmental authority having primary supervisory authority with respect to the Issuer;

“**MAS Notice 133**” means MAS Notice 133 – “*Notice on Valuation and Capital Framework for Insurers*” issued by the MAS, as amended, replaced or supplemented from time to time;

“**Relevant Creditors**” means creditors of the Issuer (including the Issuer’s policy owners) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of the Perpetual Capital Securities;

“**Shares**” means the ordinary shares of the Issuer; and

“**Subsidiary**” means any company or corporation:

- (i) of which the Issuer controls the composition of the board of directors; or
- (ii) of which the Issuer controls more than half of the voting power; or
- (iii) which is a Subsidiary of a Subsidiary of the Issuer,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

- (c) **Set-off and Payment Void:** No Securityholder may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Perpetual Capital Securities. Each Securityholder shall, by acceptance of any Perpetual Capital Security be deemed to have waived all such rights of set-off, counterclaim or retention to the fullest extent permitted by law. If, at any time, any Securityholder receives payment or benefit of any sum in respect of the Perpetual Capital Securities (including any benefit received pursuant to any such set-off, counter-claim or retention) other than in accordance with Clause 7.3.2 of the Trust Deed and the second paragraph of Condition 10(b), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder, by acceptance of such Perpetual Capital Security, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Securityholder to the Issuer upon demand by the Issuer or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void under the Trust Deed. Any sum so paid or returned shall then be treated for purposes of the Issuer’s obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Perpetual Capital Securities.

4 Distributions and other Calculations

*The amount payable in respect of the aggregate nominal amount of Perpetual Capital Securities represented by a Global Certificate or a Global Perpetual Capital Security (as the case may be) shall be made in accordance with the methods of calculation provided for in the Conditions and the applicable Pricing Supplement, **save that** the calculation is made in respect of the total aggregate amount of the Perpetual Capital Securities represented by a Global Certificate or a Global Perpetual Capital Security (as the case may be), together with such other sums and additional amounts (if any) as may be payable under the Conditions.*

- (a) **Distribution on Fixed Rate Perpetual Capital Securities:** Subject to Condition 5, each Fixed Rate Perpetual Capital Security confers a right to receive distribution (each a “**Distribution**”) on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such Distribution being payable in arrear on each Distribution Payment Date.

The Rate of Distribution in respect of a Fixed Rate Perpetual Capital Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement) the Initial Distribution Rate; or
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement):
- (A) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the Initial Distribution Rate; and
- (B) for the period from, and including, the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.

The amount of Distribution payable shall be determined in accordance with Condition 4(e).

For the purposes of this Condition 4(a), “**Reset Distribution Rate**” means the Relevant Rate with respect to the relevant Reset Date plus the Initial Spread.

- (b) **Distribution on Floating Rate Perpetual Capital Securities:**

- (i) *Distribution Payment Dates:* Subject to Condition 5, each Floating Rate Perpetual Capital Security confers a right to receive distribution (each a “**Distribution**”) on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such Distribution being payable in arrear on each Distribution Payment Date. The amount of Distribution payable shall be determined in accordance with Condition 4(e). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
- (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

- (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
 - (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
 - (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Distribution for Floating Rate Perpetual Capital Securities:* The Rate of Distribution in respect of Floating Rate Perpetual Capital Securities for each Distribution Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Perpetual Capital Securities

Where ISDA Determination is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (A), “**ISDA Rate**” for a Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified hereon.

For the purposes of this paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is not specified as being SIBOR, SOR, BBSW, Compounded Daily SONIA or Compounded Daily SORA

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be either:

- (I) the offered quotation; or
- (II) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Distribution Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Perpetual Capital Securities is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Distribution in respect of such Perpetual Capital Securities will be determined as provided hereon;

- (y) If the Relevant Screen Page is not available or if, paragraph (x)(I) above of this Condition 4(b)(iii)(B) applies and no such offered quotation appears on the Relevant Screen Page or if paragraph (x)(II) above of this Condition 4(b)(iii)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Issuer with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Distribution Determination Date in question, and such offered quotations shall be notified by the Issuer to the Calculation Agent. If two or more of the Reference Banks provide the Issuer with such offered quotations, the Rate of Distribution for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) If paragraph (y) above of this Condition 4(b)(iii)(B) applies and the Issuer determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Distribution shall be the arithmetic mean as determined by the Calculation Agent of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is

HIBOR, the Hong Kong interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR, the Hong Kong interbank market, as the case may be, and such offered rates shall be notified by the Issuer to the Calculation Agent *provided that*, if the Rate of Distribution cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(iii)(B), the Rate of Distribution shall be determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period).

- (C) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is specified as being SIBOR or SOR
- (x) Each Floating Rate Perpetual Capital Security where the Reference Rate is specified as being SIBOR (in which case such Perpetual Capital Security will be a SIBOR Perpetual Capital Security) or SOR (in which case such Perpetual Capital Security will be a Swap Rate Perpetual Capital Security) confers a right to receive Distributions at a floating rate determined by reference to a benchmark as specified hereon or, in any case, such other benchmark as specified hereon.
 - (y) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Capital Security under this Condition 4(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:
 - (l) in the case of Floating Rate Perpetual Capital Securities which are SIBOR Perpetual Capital Securities:
 - (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption

“ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page);

- (bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate or if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as an Independent Adviser may select;
- (cc) if on any Distribution Determination Date such Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (aa) and (bb) above of this Condition 4(b)(iii)(C)(y)(I), the Issuer will request the principal Singapore offices of each of the Reference Banks to provide the Issuer with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Perpetual Capital Securities, and such offered rates shall be notified by the Issuer to the Calculation Agent. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered rates, as determined by the Calculation Agent;
- (dd) if on any Distribution Determination Date two but not all the Reference Banks provide the Issuer with such offered rates, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with paragraph (bb) above of this Condition 4(b)(iii)(C)(y)(I) on the basis of the offered rates of those Reference Banks providing such offered rates; and
- (ee) if on any Distribution Determination Date one only or none of the Reference Banks provides the Issuer with such offered rates, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Issuer at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying

with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Perpetual Capital Securities for such Distribution Period by whatever means they determine to be most appropriate or, if on such Distribution Determination Date one only or none of the Reference Banks provides the Issuer with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks to the Issuer and notified to the Calculation Agent by the Issuer at or about the Relevant Time on such Distribution Determination Date;

(II) in the case of Floating Rate Perpetual Capital Securities which are Swap Rate Perpetual Capital Securities

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "SGD SOR rates as of 11:00 a.m. London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period;

(bb) if on any Distribution Determination Date no such rate is quoted on Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as an Independent Adviser may select; and

(cc) if on any Distribution Determination Date such Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (aa) and (bb) above of this Condition 4(b)(iii)(C)(y)(II), the Rate of Distribution shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) as calculated by the Calculation Agent of the rates quoted to the Issuer (and obtained at the Issuer's request) by the Reference Banks or those of them (being at least two in number) at or about 11.00

a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Capital Securities for such Distribution Period by whatever means they determine to be most appropriate, and such quoted rates shall be notified by the Issuer to the Calculation Agent, or, if on such day one only or none of the Reference Banks provides the Issuer with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date, and such prime lending rates shall be notified to the Calculation Agent.

- (D) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is specified as being Compounded Daily SORA
- (x) For each Floating Rate Perpetual Capital Security where the Reference Rate is specified as being Compounded Daily SORA, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be Compounded Daily SORA (as defined below) plus or minus the Margin.

“Compounded Daily SORA” means, with respect to an Distribution Accrual Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Distribution Accrual Period (with the reference rate for the calculation of distribution being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement) on the Distribution Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SORA_{i-xSBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Distribution Accrual Period;

“**d_o**”, for any Distribution Accrual Period, is the number of Singapore Business Days in the relevant Distribution Accrual Period;

“ i ”, for the relevant Distribution Accrual Period, is a series of whole numbers from one to d_o , each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Distribution Accrual Period to, but excluding, the last Singapore Business Day in such Distribution Accrual Period;

“**Distribution Determination Date**” means, with respect to a Rate of Distribution and Distribution Accrual Period, the date falling one Singapore Business Day after the end of each Observation Period;

“ n_i ”, for any day “ i ”, is the number of calendar days from and including such day “ i ” up to but excluding the following Singapore Business Day;

“**Singapore Business Days**” or “**SBD**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**Observation Period**” means, for the relevant Distribution Accrual Period, the period from, and including, the date falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the first day of such Distribution Accrual Period (and the first Distribution Accrual Period shall begin on and include the Distribution Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the Distribution Payment Date at the end of such Distribution Accrual Period (or the date falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the Perpetual Capital Securities become due and payable);

“**SORA**” means, in respect of any Singapore Business Day “ i ”, a reference rate equal to the daily Singapore Overnight Rate Average provided by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such day “ i ”; and

“**SORA $_{i-x\text{ SBD}}$** ” means, in respect of any Singapore Business Day falling in the relevant Observation Period, the reference rate equal to SORA in respect of the Singapore Business Day falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the relevant Singapore Business Day “ i ”.

- (y) If, subject to Condition 4(i)(iv), by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such day “ i ”, SORA in respect of such day “ i ” has not been published and a SORA Index Cessation Event has not occurred, then SORA for that day “ i ” will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.

- (z) In the event that the Rate of Distribution cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement), subject to Condition 4(i)(iv), the Rate of Distribution shall be:
- (I) that determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution (as specified in the applicable Pricing Supplement) relating to the relevant Distribution Accrual Period in place of the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period); or
 - (II) if there is no such preceding Distribution Determination Date, the initial Rate of Distribution which would have been applicable to such Series of Perpetual Capital Securities for the first Distribution Accrual Period had the Perpetual Capital Securities been in issue for a period equal in duration to the scheduled first Distribution Accrual Period but ending on (and excluding) the Distribution Commencement Date (but applying the Margin and any Maximum Rate of Distribution or Minimum Rate of Distribution applicable to the first Distribution Accrual Period).

If the relevant Series of Perpetual Capital Securities become due and payable in accordance with Condition 10, the final Distribution Determination Date shall, notwithstanding any Distribution Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Perpetual Capital Securities became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SORA formula) and the Rate of Distribution on such Perpetual Capital Securities shall, for so long as any such Perpetual Capital Security remains outstanding, be that determined on such date.

- (E) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is specified as being Compounded Daily SONIA
- (x) For each Perpetual Capital Security where the Reference Rate is specified as being Compounded Daily SONIA, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Pricing Supplement) the Margin.

“Compounded Daily SONIA” means, with respect to an Distribution Accrual Period, the rate of return of a daily compound distribution investment during the Observation Period corresponding to such Distribution Accrual Period (with the daily Sterling Overnight Index Average rate as reference rate for the calculation of distribution) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement) on the Distribution Determination Date,

as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{SONIA}_{i-x\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” means, for the relevant Distribution Accrual Period, the number of calendar days in such Distribution Accrual Period;

“**d_o**” means, for the relevant Distribution Accrual Period, the number of London Business Days in such Distribution Accrual Period;

“**i**” means, for the relevant Distribution Accrual Period, a series of whole numbers from one to **d_o**, each representing the relevant London Business Day in chronological order from (and including) the first London Business Day in such Distribution Accrual Period to (but excluding) the last London Business Day in such Distribution Accrual Period;

“**London Business Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n_i**”, for any day “**i**”, means the number of calendar days from and including such day “**i**” up to but excluding the following London Business Day;

“**Observation Period**” means, for the relevant Distribution Accrual Period, the period from (and including) the date falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to the first day of such Distribution Accrual Period (and the first Distribution Accrual Period shall begin on and include the Distribution Commencement Date) and ending on (but excluding) the date falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to the Distribution Payment Date at the end of such Distribution Accrual Period (or the date falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the Perpetual Capital Securities become due and payable);

“**SONIA_{i-xLBD}**” means, in respect of any London Business Day falling in the relevant Observation Period, the SONIA Reference Rate for the London Business Day falling five London Business Days (or, if higher, such other number of London Business Days specified in the applicable Pricing Supplement) prior to the relevant London Business Day “**i**”; and

“**SONIA Reference Rate**” means, in respect of any London Business Day, a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Business Day as provided by

the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Business Day immediately following such London Business Day).

- (y) If, subject to Condition 4(i)(i), in respect of any London Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement) determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:
- (I) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Business Day; plus
 - (II) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above of this Condition 4(b)(iii)(E)(y), and without prejudice to Condition 4(i)(i), in the event the Bank of England publishes guidance as to:

- (A) how the SONIA Reference Rate is to be determined; or
- (B) any rate that is to replace the SONIA Reference Rate,

the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution as specified in the applicable Pricing Supplement, and in consultation with the Issuer) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA rate for the purpose of the relevant Series of Perpetual Capital Securities for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

- (z) In the event that the Rate of Distribution cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(iii)(E) by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement), subject to Condition 4(i)(i), the Rate of Distribution shall be:
- (I) that determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution (as specified in the applicable Pricing Supplement) relating to the relevant Distribution Accrual Period in place of the

Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period); or

- (II) if there is no such preceding Distribution Determination Date, the initial Rate of Distribution which would have been applicable to such Series of Perpetual Capital Securities for the first Distribution Accrual Period had the Perpetual Capital Securities been in issue for a period equal in duration to the scheduled first Distribution Accrual Period but ending on (and excluding) the Distribution Commencement Date (but applying the Margin and any Maximum Rate of Distribution or Minimum Rate of Distribution applicable to the first Distribution Accrual Period).

If the relevant Series of Perpetual Capital Securities become due and payable in accordance with Condition 10, the final Distribution Determination Date shall, notwithstanding any Distribution Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Perpetual Capital Securities became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SONIA formula) and the Rate of Distribution on such Perpetual Capital Securities shall, for so long as any such Perpetual Capital Security remains outstanding, be that determined on such date.

- (F) Screen Rate Determination for Floating Rate Perpetual Capital Securities where the Reference Rate is specified as being BBSW

Each Floating Rate Perpetual Capital Security where the Reference Rate is specified as being BBSW confers a right to receive Distributions at a floating rate determined by the Calculation Agent on the basis of the following provisions:

- (x) the Calculation Agent will determine the Rate of Distribution for such Distribution Period which shall be the rate for prime bank eligible securities having a tenor closest to the term of such Distribution Period, which is designated as the "AVG MID" on the Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or such other replacement page thereof or such other Relevant Screen Page) at approximately 10.30 a.m. (Sydney time) (or such other time at which such rate customarily appears on that page, including, if corrected, as recalculated and republished by the relevant administrator) on the Distribution Determination Date in respect of each Distribution Period; and
- (y) if such rate does not appear on the Reuters Screen BBSW Page (or such other replacement page thereof or such other Relevant Screen Page) by 10.45 a.m. (Sydney time) on that day (or such other time that is 15 minutes after the then prevailing time), or, if it does appear but there is an obvious error on that date or the rate is permanently or indefinitely discontinued, the Rate of Distribution for such Distribution Period shall be such other successor rate or alternative rate for BBSW-linked floating rate securities at such time determined by the Issuer (acting in good faith and in a commercially reasonable manner) or an alternate financial institution appointed by the Issuer (in its sole

discretion) to assist in determining the rate (in each case, a “**Determining Party**”), which rate is notified in writing to the Calculation Agent (with a copy to the Issuer) if determined by such Determining Party, together with such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for BBSW-linked floating rate securities at such time (together with such other adjustments to the Business Day Convention, Distribution Determination Dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for BBSW-linked floating rate securities at such time), or, if no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread as determined by such Determining Party (in consultation with the Issuer) to be appropriate. The Rate of Distribution for such Distribution Period will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%).

Each Securityholder shall be deemed to acknowledge, accept and agree to be bound by, and consents to, such determination of, substitution for and adjustments made to BBSW, as applicable, in each case as described in this Condition 4 (in all cases without the need for any Securityholder consent). Any determination of, substitution for and adjustments made to BBSW, as applicable, in each case described below will be binding on the Issuer, the Securityholder and each Agent.

- (c) **Accrual of Distribution:** Subject to Condition 5, Distribution shall cease to accrue on each Perpetual Capital Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event Distribution shall continue to accrue (both before and after judgment) at the Rate of Distribution in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 8).
- (d) **Margin, Maximum/Minimum Rates of Distribution and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all Rates of Distribution, in the case of (x), or the Rates of Distribution for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum Rate of Distribution or Minimum Rate of Distribution or Redemption Amount is specified hereon, then any Rate of Distribution or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the fifth decimal place (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save

in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

- (e) **Calculations:** The amount of Distribution payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) in respect of any Perpetual Capital Security for any Distribution Accrual Period shall be equal to the product of the Rate of Distribution, the Calculation Amount, and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of Distribution payable per Calculation Amount in respect of such Security for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of Distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which Distributions are required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Distributions are required to be calculated.
- (f) **Determination and Publication of Reset Distribution Rate:** The Calculation Agent shall, on the second Business Day prior to each Reset Date, calculate the applicable Reset Distribution Rate and cause the Reset Distribution Rate to be notified to the Trustee, the Issuer, each of the Paying Agents, the Securityholders, any other Calculation Agent appointed in respect of the Perpetual Capital Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Capital Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, subsequently notified by the Issuer to such exchange or other relevant authority as soon as possible after their determination but in no event later than:
- (i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount; or
 - (ii) in all other cases, the fourth Business Day after such determination.

The determination of any rate, the extracting of any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Perpetual Capital Securities and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (g) **Determination and Publication of Rates of Distribution, Distribution Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Distribution Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, extract any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Perpetual Capital Securities or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, extract such offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Perpetual Capital Securities or make such determination or calculation, as the case may be, and cause

the Rate of Distribution and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Securityholders and any other Calculation Agent appointed in respect of the Perpetual Capital Securities that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than:

- (i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount; or
- (ii) in all other cases, the fourth Business Day after such determination.

If the Perpetual Capital Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall, forthwith following receipt of notification from the Calculation Agent, notify such exchange or other relevant authority of the Rate of Distribution and the Distribution Amounts for any relevant Distribution Accrual Period, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount.

Where any Distribution Payment Date or Distribution Period End Date is subject to adjustment pursuant to Condition 4(b)(ii), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If the Perpetual Capital Securities become due and payable under Condition 10, the accrued Distribution and the Rate of Distribution payable in respect of the Perpetual Capital Securities shall nevertheless continue to be calculated as previously in accordance with this Condition 4(g) and notified to the Trustee, the Issuer, each of the Paying Agents and any other Calculation Agent appointed in respect of the Perpetual Capital Securities but no publication to Securityholders of the Rate of Distribution or the Distribution Amount so calculated need be made. The determination of any rate or amount, the extracting of any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Perpetual Capital Securities and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Determination or Calculation by an agent of the Issuer:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Distribution for a Distribution Accrual Period or any Distribution Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Issuer shall appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the extracting of any offered quotation, offered rate or swap rate from the Relevant Screen Page specified hereon as applicable for the Perpetual Capital Securities and the making of each determination or calculation by such agent of the Issuer pursuant to this Condition 4 shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Benchmark Discontinuation**

(i) Benchmark Discontinuation (General)

Where the applicable Pricing Supplement specifies this Condition 4(i)(i) as applicable:

(A) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use all reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 4(i)(i)(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(i)(D)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4(i)(i) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Securityholders for any determination made by it, pursuant to this Condition 4(i)(i).

If

- (i) the Issuer is unable to appoint an Independent Adviser; or
- (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 4(i)(i)(A) prior to the relevant Distribution Determination Date,

the Rate of Distribution applicable to the next succeeding Distribution Accrual Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Capital Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i)(i)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original

Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Capital Securities (subject to the operation of this Condition 4(i)(i)); or

- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Capital Securities (subject to the operation of this Condition 4(i)(i)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser (in consultation with the Issuer) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i)(i) and the Independent Adviser (in consultation with the Issuer) determines:

- (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(i)(E), without any requirement for the consent or approval of Securityholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Calculation Agent(s) and the Paying Agents of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 4(i)(i)(E), the Trustee, the Calculation Agent(s) and the Paying Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or, as the case may be, an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee, the Calculation Agent(s) and the Paying Agents shall not be obliged so to concur if in the opinion of the Trustee, the relevant Calculation Agent or the relevant Paying Agent (as the case may be), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the relevant Calculation Agent or the relevant Paying Agent (as the

case may be) in these Conditions or the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or any supplemental agency agreement) in any way.

For the avoidance of doubt, the Trustee and the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and/or these Conditions as may be required in order to give effect to this Condition 4(i)(i)(D). Securityholders' consent shall not be required in connection with the effecting of the Successor Rate or the Alternative Rate (as applicable) or such other changes, including the execution of any documents or any steps by the Trustee and/or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

Notwithstanding any other provision of this Condition 4(i)(i)(D), no Agent is obliged to concur with the Trustee, the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4(i)(i)(D) which, in the opinion of the relevant Agent, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the relevant Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 4(i)(i)(D), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Capital Securities are for the time being listed or admitted to trading.

(E) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(i)(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent(s), the Paying Agents and, in accordance with Condition 15, the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Securityholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent(s) and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(x) confirming:

- (I) that a Benchmark Event has occurred;
- (II) the Successor Rate or, as the case may be, the Alternative Rate;
- (III) the applicable Adjustment Spread; and
- (IV) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 4(i)(i); and

- (y) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent(s) and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or fraud in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the ability of the Trustee, the Calculation Agent(s) and the Paying Agents to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent(s), the Paying Agents and the Securityholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(i)(i)(A), 4(i)(i)(B), 4(i)(i)(C) and 4(i)(i)(D), the Original Reference Rate and the fallback provisions provided for in Conditions 4(b)(iii)(B), 4(b)(iii)(C), 4(b)(iii)(D), 4(b)(iii)(E) or 4(b)(iii)(F), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(G) Definitions:

As used in this Condition 4(i)(i):

“**Adjustment Spread**” means either:

- (i) a spread (which may be positive, negative or zero); or
- (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:
 - (x) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
 - (y) the Independent Adviser determines, as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
 - (z) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions

which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(i)(i)(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of Distribution (or the relevant component part thereof) in the same Specified Currency as the Perpetual Capital Securities.

“Benchmark Amendments” has the meaning given to it in Condition 4(i)(i)(D).

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Perpetual Capital Securities, in each case within the following six months; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Securityholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent(s) and the Paying

Agents. For the avoidance of doubt, none of the Trustee, the Calculation Agent(s) or the Paying Agents shall have any responsibility for making such determination.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by and at the expense of the Issuer under Condition 4(i)(i)(A).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Capital Securities.

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:
 - (w) the central bank for the currency to which the benchmark or screen rate (as applicable) relates;
 - (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable);
 - (y) a group of the aforementioned central banks or other supervisory authorities; or
 - (z) the Financial Stability Board or any part thereof.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

Where the Original Reference Rate for a Series of Perpetual Capital Securities is EURIBOR, the Successor Rate could include the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk free rates established by the European Central Bank, the Financial Services and Markets Authority, the European Securities and Markets Authority and the European Commission, (ii) the European Money Market Institute, as the administrator of EURIBOR, (iii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the EURIBOR, or (iv) the national competent authority designated by each Member State under Regulation (EU) 2016/1011, or (v) the European Central Bank.

(ii) Benchmark Discontinuation (ARRC)

This Condition 4(i)(ii) shall only apply to U.S. dollar-denominated Perpetual Capital Securities where so specified in the relevant Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 4(i)(ii) as applicable:

(A) Benchmark Replacement

If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Perpetual Capital Securities in respect of such determination on such date and all determinations on all subsequent dates.

(B) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 4(i)(ii)(B). Securityholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(C) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(i)(ii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Perpetual Capital Securities, shall become effective without consent from any other party.

(D) Definitions

As used in this Condition 4(i)(ii):

"Benchmark" means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then **"Benchmark"** means the applicable Benchmark Replacement;

“Benchmark Replacement” means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of:
 - (x) Term SOFR; and
 - (y) the Benchmark Replacement Adjustment;
- (ii) the sum of:
 - (x) Compounded SOFR; and
 - (y) the Benchmark Replacement Adjustment;
- (iii) the sum of:
 - (x) the alternate rate of distribution that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor; and
 - (y) the Benchmark Replacement Adjustment;
- (iv) the sum of:
 - (x) the ISDA Fallback Rate; and
 - (y) the Benchmark Replacement Adjustment;
- (v) the sum of:
 - (x) the alternate rate of distribution that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate securities at such time; and
 - (y) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate securities at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Distribution Period” or “Distribution Accrual Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Distribution Period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of sub-clauses (i) or (ii) of the definition of “Benchmark Transition Event,” the later of:
 - (x) the date of the public statement or publication of information referenced therein; and
 - (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of sub-clause (iii) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or

indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the distribution amount payable prior to the end of each Distribution Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with sub-clause (i) of this definition of “Compounded SOFR”, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate securities at such time.

Notwithstanding the foregoing, Compounded SOFR will include such lookback and/or suspension period as specified in the relevant Pricing Supplement as a mechanism to determine the distribution amount payable prior to the end of each Distribution Period;

“Corresponding Tenor”, with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org> or any successor source;

“Interpolated Benchmark”, with respect to the Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means the London Interbank Offered Rate;

“Reference Time”, with respect to any determination of the Benchmark, means:

- (i) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London Business Days preceding the date of such determination; and
- (ii) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

“SOFR”, with respect to any day, means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website;

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(iii) Benchmark Discontinuation (SOR)

This Condition 4(i)(iii) shall only apply to Singapore dollar-denominated Perpetual Capital Securities where so specified in the relevant Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 4(i)(iii) as applicable:

(A) Benchmark Replacement

If the Issuer or its Designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Perpetual Capital Securities in respect of such determination on such date and all determinations on all subsequent dates.

(B) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its Designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 4(i)(iii)(B). Securityholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(C) Decisions and Determinations

The Issuer or its Designee shall act in good faith and in a commercially reasonable manner when making any determination, decision or election pursuant to this Condition 4(i)(iii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection. The determination of the Issuer or its Designee will be conclusive and binding absent manifest error and shall become effective without consent from any other party.

Any determination, decision or election that may be made by the Issuer or its Designee pursuant to this Condition 4(i)(iii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its Designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Perpetual Capital Securities, shall become effective without consent from any other party.

(D) Definitions

As used in this Condition 4(i)(iii):

“Adjusted SOR” means (i) if the Benchmark is SOR, the synthetic rate for deposits in Singapore dollars for the Corresponding Tenor calculated based on actual transactions in the U.S. dollar to Singapore dollar foreign exchange swap market and a U.S. dollar interest rate calculated pursuant to the methodology used to calculate fallbacks for U.S. dollar LIBOR of the same Corresponding Tenor in the ISDA Definitions (inclusive of, for the avoidance of doubt, any spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to U.S. dollar LIBOR for the applicable Corresponding Tenor), and (ii) if the Benchmark is not SOR, the ISDA Fallback Rate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser, in consultation with the Issuer, determines as being customarily applied in market usage in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in Singapore dollars;

“Benchmark” means, initially, SOR (being the originally-specified Reference Rate used to determine the Rate of Distribution), provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOR or the then-current Benchmark, then **“Benchmark”** means the applicable Benchmark Replacement;

“Benchmark Replacement” means the Interpolated Benchmark, provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Issuer or its Designee as of the Benchmark Replacement Date:

(i) the sum of:

(x) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body or Relevant Nominating Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor; and

(y) the Benchmark Replacement Adjustment;

(ii) the sum of:

(x) Adjusted SOR and (only if the Benchmark is not SOR); and

(y) the Benchmark Replacement Adjustment;

(iii) the sum of:

(x) the Alternative Rate; and

(y) the Benchmark Replacement Adjustment.

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its Designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment that has been selected by the Issuer or its Designee having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for Singapore dollar-denominated floating rate securities at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Distribution Period” or “Distribution Accrual Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Distribution Period and other administrative matters) that the Issuer or its Designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its Designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its Designee determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Issuer or its Designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of sub-clause (i) or (ii) of the definition of “Benchmark Transition Event”, the later of:
 - (x) the date of the public statement or publication of information referenced therein; and
 - (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of sub-clause (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for Singapore dollar, an insolvency official with jurisdiction over the administrator of the Benchmark, a resolution authority with jurisdiction over the administrator of the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator of the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Corresponding Tenor”, with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“Designee” means a designee as selected and separately appointed by the Issuer in writing, which may include a Subsidiary or affiliate of the Issuer or an Independent Adviser;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by and at the expense of the Issuer under this Condition 4(i)(iii);

“Interpolated Benchmark”, with respect to the Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means London Interbank Offered Rate;

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is SOR, 11:00 a.m. (London time) on the day that is two Singapore business days preceding the date of such determination, and (2) if the Benchmark is not SOR, the time determined by the Issuer or its Designee in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Monetary Authority of Singapore or any successor thereto;

“Relevant Nominating Body” means the Association of Banks in Singapore or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(iv) Benchmark Discontinuation (SORA)

This Condition 4(i)(iv) shall only apply to Singapore dollar-denominated Perpetual Capital Securities where so specified in the relevant Pricing Supplement.

Where the applicable Pricing Supplement specifies this Condition 4(i)(iv) as applicable:

(A) Independent Adviser

If a SORA Index Cessation Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 4(i)(iv)(C) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(iv)(D)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4(i)(iv) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Securityholders for any determination made by it, pursuant to this Condition 4(i)(iv).

If:

- (i) the Issuer is unable to appoint an Independent Adviser; or
- (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 4(i)(iv)(A) prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Accrual Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Capital Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution which would have been applicable to the Series of Perpetual Capital Securities for the first Distribution Accrual Period had the Perpetual Capital Securities been in issue for a period equal in duration to the scheduled first Distribution Accrual Period but ending on (and excluding) the Distribution Commencement Date. Where a different Margin or Maximum or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i)(iv)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of Distribution on the Perpetual Capital Securities (subject to the operation of this Condition 4(i)(iv)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of Distribution on the Perpetual Capital Securities (subject to the operation of this Condition 4(i)(iv)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser (in consultation with the Issuer) is unable to determine the quantum of, or a formula or

methodology for determining such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i)(iv) and the Independent Adviser (in consultation with the Issuer) determines:

- (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(iv)(E), without any requirement for the consent or approval of Securityholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Calculation Agent(s) and the Paying Agents of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 4(i)(iv)(E), the Trustee, the Calculation Agent(s) and the Paying Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or, as the case may be, an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee, the Calculation Agent(s) and the Paying Agents shall not be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions or the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(i)(iv)(D). Securityholders’ consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable) or such other changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent(s), the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

In connection with any such variation in accordance with this Condition 4(i)(iv)(D), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Capital Securities are for the time being listed or admitted to trading.

(E) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(i)(iv) will be notified promptly by the Issuer to the Trustee, the Calculation Agent(s), the Paying Agents and, in accordance with Condition 15, the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Securityholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent(s) and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(x) confirming:

- (i) that a SORA Index Cessation Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),
- (v) in each case as determined in accordance with the provisions of this Condition 4(i)(iv); and

(y) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent(s) and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or fraud in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the ability of the Trustee, the Calculation Agent(s) and the Paying Agents to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent(s), the Paying Agents and the Securityholders.

(F) Definitions:

As used in this Condition 4(i)(iv):

“Adjustment Spread” means either:

- (i) a spread (which may be positive, negative or zero); or

- (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:
 - (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
 - (2) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
 - (3) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 4(i)(iv)(B) as being customarily applied in market usage in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in Singapore dollars.

“Benchmark Amendments” has the meaning given to it in Condition 4(i)(iv)(D).

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by and at the expense of the Issuer under Condition 4(i)(iv)(A).

“Original Reference Rate” means, initially, SORA (being the originally-specified benchmark rate used to determine Compounded Daily SORA and the Rate of Distribution), provided that if a SORA Index Cessation Event has occurred with respect to SORA or the then-current Original Reference Rate, then **“Original Reference Rate”** means the applicable Successor Rate or Alternative Rate (as the case may be).

“Relevant Nominating Body” means:

- (i) the Monetary Authority of Singapore (or any successor supervisory authority which is responsible for supervising the administrator of the Original Reference Rate); or
- (ii) any working group or committee officially sponsored or endorsed by, chaired or co-chaired by or constituted at the request of the Monetary

Authority of Singapore (or any successor supervisory authority which is responsible for supervising the administrator of the Original Reference Rate).

“SORA Index Cessation Event” means the occurrence of one or more of the following events:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Singapore Business Days or ceasing to exist; or
- (ii) a public statement or publication of information by or on behalf of the Monetary Authority of Singapore (or a successor administrator of the Original Reference Rate), the regulatory supervisor for the administrator of the Original Reference Rate, the central bank for the currency of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a resolution authority with jurisdiction over the administrator of the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, announcing that the administrator of the Original Reference Rate has ceased or that it will cease to provide the Original Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement or publication of information by or on behalf of the Monetary Authority of Singapore (or the supervisor of a successor administrator of the Original Reference Rate) as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Perpetual Capital Securities; or
- (v) a public statement by or on behalf of the Monetary Authority of Singapore (or the supervisor of a successor administrator of the Original Reference Rate) that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market,

provided that the SORA Index Cessation Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above of this definition, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above of this definition, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above of this definition, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a SORA Index Cessation Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent(s) and the Paying Agents. For the avoidance of doubt, none of the Trustee, the Calculation Agent(s) or the Paying Agents shall have any responsibility for making such determination.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement of the Original Reference Rate (which rate may be produced by the Monetary Authority of Singapore or such other administrator).

(v) Qualification as Additional Tier 1 Capital

Notwithstanding any other provision of Conditions 4(i)(i)(D), 4(i)(ii)(B), 4(i)(ii)(C), 4(i)(iii)(B) 4(i)(iii)(C) or 4(i)(iv)(D) (as applicable), no Successor Rate, Alternative Rate or Benchmark Replacement (as the case may be) will be adopted, nor will the applicable Adjustment Spread or Benchmark Replacement Adjustment (as the case may be) be applied, nor will any Benchmark Amendments or Benchmark Replacement Conforming Changes (as the case may be) be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Perpetual Capital Securities as Additional Tier 1 capital of the Issuer.

(j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of Perpetual Capital Securities denominated in a currency other than Euro, Renminbi or Singapore dollars, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Hong Kong and in the principal financial centre for such currency; and/or
- (ii) in the case of Perpetual Capital Securities denominated in Euro, a day on which TARGET2 is operating (a **“TARGET2 Business Day”**) and a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Hong Kong and the principal financial centre for such currency; and/or
- (iii) in the case of Perpetual Capital Securities denominated in Renminbi:
 - (A) if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong; and
 - (B) if cleared through Euroclear and Clearstream, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Hong Kong; and/or

- (iv) in the case of Perpetual Capital Securities denominated in Singapore dollars:
 - (A) if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore; and
 - (B) if cleared through Euroclear and Clearstream, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in Singapore and Hong Kong; and/or
- (v) in the case of a currency and/or one or more Financial Centres, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of Distribution on any Perpetual Capital Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Distribution Period or a Distribution Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of:
 - (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31, in which case **D₂** will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number is 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number is 31, in which case **D₂** will be 30; and

(vii) if “**Actual/Actual – ICMA**” is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of:

(x) the number of days in such Determination Period; and

(y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of:

(1) the number of days in such Determination Period; and

(2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of:

(1) the number of days in such Determination Period; and

(2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s); and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“**Distribution Accrual Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Period End Date and each successive period beginning on (and including) a Distribution Period End Date and ending on (but excluding) the next succeeding Distribution Period End Date.

“**Distribution Amount**” means:

(i) in respect of a Distribution Accrual Period, the amount of Distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of

Fixed Rate Perpetual Capital Securities, and unless otherwise specified hereon, shall mean the Fixed Distribution Amount or Broken Amount specified hereon as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and

- (ii) in respect of any other period, the amount of Distribution payable per Calculation Amount for that period.

“Distribution Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Distribution Determination Date” means, with respect to a Rate of Distribution and Distribution Accrual Period, the date specified as such hereon or, if none is so specified:

- (i) the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi;
- (ii) the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor Hong Kong dollars nor Euro nor Renminbi; or
- (iii) the day falling two TARGET2 Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is Euro.

“Distribution Period” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

“Distribution Period End Date” means each Distribution Payment Date unless otherwise specified hereon.

“Euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Hong Kong dollars” means the lawful currency of Hong Kong.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., (as may be updated, amended or supplemented from time to time) unless otherwise specified hereon.

“Rate of Distribution” means the rate of Distribution payable from time to time in respect of this Perpetual Capital Security and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means:

- (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market;

- (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market;
- (iii) in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore interbank market; and
- (iv) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market,

in each case selected by the Issuer or as specified hereon.

“Reference Rate” means the rate specified as such hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any such successor or replacement page, section, caption, column or other party of a particular information service).

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant financial centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the relevant financial centre or, if no such customary local time exists, 11.00 a.m. in the relevant financial centre and, for the purpose of this definition, **“local time”** means, with respect to the Euro-zone as a relevant financial centre, Central European Time.

“Renminbi” or **“CNY”** means the lawful currency of the PRC.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Perpetual Capital Securities are denominated.

“Sterling” means the lawful currency of the United Kingdom.

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System which was launched on 19 November 2007 or any successor thereto.

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Perpetual Capital Security is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Perpetual Capital Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for a Distribution Accrual Period or to calculate any Distribution Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior written notice to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its

principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Distribution Restrictions

- (a) **Distribution Cancellation:** The Issuer may at its sole discretion elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (such notice, a “**Distribution Cancellation Notice**”) of such election to the Securityholders in accordance with Condition 15 and to the Trustee and the Issuing and Paying Agent in writing at least 15 Business Days prior to the relevant Distribution Payment Date (in the case of Perpetual Capital Securities cleared through the CDP System) or 10 Business Days prior to the relevant Distribution Payment Date (in the case of Perpetual Capital Securities not cleared through the CDP System). The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 5(a) and any failure to pay such Distribution shall not constitute a Default (as described in Condition 10).
- (b) **Distribution Restrictions:** Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date (and such Distribution will not be considered to be due or payable) if:
- (i) the Issuer is restricted by the MAS from making payment of dividends or distributions when due on its Additional Tier 1 Capital Securities; or
 - (ii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any dividends and distributions originally scheduled to be paid (whether or not paid in whole or in part) during the Issuer’s then-current fiscal year on the Perpetual Capital Securities or its other Additional Tier 1 Capital Securities, would exceed the Distributable Profits as of the Distributable Profits Determination Date.

The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 5(b) and any failure to pay such Distribution shall not constitute a Default.

For the purpose of these Conditions:

“**Distributable Profits**” means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 72 of the Co-operatives Societies Act, Chapter 62 of Singapore, as amended or modified from time to time (“**Available Amounts**”) as of the date of the Issuer’s latest audited balance sheet lodged with or provided to the MAS in accordance with Section 36 of the Insurance Act, Chapter 142 of Singapore or such other audited statements of account provided to the MAS; provided that if the Issuer reasonably believes that the Available Amounts as of any Distributable Profits Determination Date are lower than the Available Amounts as of the date of the Issuer’s latest audited balance sheet and are insufficient to pay the dividends and distributions on its Additional Tier 1 Capital Securities on the relevant Distribution Payment Date, then an Authorised Signatory of the Issuer will be required to provide a certificate, on or prior to such Distributable Profits Determination Date, addressed to the Trustee and the Securityholders accompanied by a certificate of the Issuer’s auditors for the time being of the Available Amounts as of such Distributable Profits Determination Date (which certificate of the Authorised Signatory of the Issuer will be binding absent manifest error) and “**Distributable Profits**” as of such Distributable Profits Determination Date for the purposes of such Distribution will mean the Available Amounts as set forth in such certificate; and

“Distributable Profits Determination Date” means, with respect to any Distribution Payment Date, the day falling two business days prior to that Distribution Payment Date.

- (c) **Non-cumulative Distribution:** If a Distribution is not paid in accordance with Condition 5(a) and/or Condition 5(b), the Issuer is not under any obligation to pay that or any other Distributions that have not been so paid. Such unpaid Distributions are non-cumulative and do not accrue interest. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to this Condition 5.
- (d) **Distributable Profits:** Any Distribution may only be paid out of Distributable Profits.
- (e) **Distribution Stopper:** If Distribution Stopper is specified as being applicable in the applicable Pricing Supplement and on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of this Condition 5, the Issuer shall not:
 - (i) declare or pay any dividends or distributions in respect of its Junior Obligations (or contribute any monies to a sinking fund for the payment of any dividends or distributions in respect of any such Junior Obligations);
 - (ii) declare or pay, or permit any Subsidiary (where relevant) of the Issuer to declare or pay, any dividends or distributions in respect of its Additional Tier 1 Capital Securities the terms of which provide that making payments of dividends or distributions in respect thereof are fully at the discretion of the Issuer (or contribute any monies to a sinking fund for the payment of any dividends or distributions in respect of any such Additional Tier 1 Capital Securities); and
 - (iii) redeem, reduce, cancel, buy-back or acquire or permit any Subsidiary (where relevant) of the Issuer to redeem, reduce, cancel, buy-back or acquire any of its Additional Tier 1 Capital Securities or its Junior Obligations the terms of which provide that the right to redeem such Junior Obligations is fully at the discretion of the Issuer (or contribute any monies to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Additional Tier 1 Capital Securities or Junior Obligations),

in each case, until:

- (x) a redemption of all the outstanding Perpetual Capital Securities has occurred;
 - (y) the next two scheduled Distributions have been paid in full (or an amount equivalent to the next two scheduled Distributions have been paid, or irrevocably set aside in a separately designated trust account for payment to the Securityholders); or
 - (z) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed).
- (f) **No Default:** Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 5 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 10) on the part of the Issuer.

6 Redemption, Purchase and Options

- (a) **No Fixed Redemption Date:** The Perpetual Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Perpetual Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Early Redemption:** The Early Redemption Amount payable in respect of any Perpetual Capital Security, upon redemption of such Perpetual Capital Security pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** Subject to Condition 6(j), the Perpetual Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if such Security is at the relevant time a Floating Rate Perpetual Capital Security) or at any time (if such Perpetual Capital Security is at the relevant time not a Floating Rate Perpetual Capital Security), on giving not less than 30 nor more than 60 days' notice to the Securityholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) together with Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts (as defined in Condition 8) then due or which will become due on or before the date fixed for redemption or, if the Early Redemption Amount is not specified hereon, at their nominal amount, together with Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if:
- (i) the Issuer has or will become obliged to pay Additional Amounts; or
 - (ii) if Change to Tax Accounting Treatment is specified as applicable in the relevant Pricing Supplement, payments of Distribution on the Perpetual Capital Securities will or would no longer be regarded as "sums payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") or would otherwise be considered as payments of a type that are not deductible for Singapore income tax purposes,

in each case as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of Singapore or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident), or any change in the official application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the Perpetual Capital Securities, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, *provided that*, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Perpetual Capital Securities then due.

Before the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled (but shall not be obliged) without further enquiry and without liability to any

Securityholder or any other person to accept and rely upon such certificate and/or opinion as conclusive evidence of the satisfaction of the conditions precedent set out above in this Condition 6(c), in which event such certificate and opinion shall be conclusive and binding on Securityholders.

Any redemption of Perpetual Capital Securities by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

- (d) **Redemption at the option of the Issuer:** Subject to Condition 6(j), and unless otherwise specified in the applicable Pricing Supplement, if Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Securityholders (in accordance with Condition 15) and to the Trustee and the Issuing and Paying Agent in writing, elect to redeem all, but not some only, of the Perpetual Capital Securities on the relevant date(s) specified hereon (which shall not be less than five years from the Issue Date) at their Optional Redemption Amount specified hereon or, if no Optional Redemption Amount is specified hereon, at their nominal amount together with Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption in accordance with these Conditions.

All Perpetual Capital Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

Any redemption of Perpetual Capital Securities by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

- (e) **Redemption for Change of Qualification Event:**

Subject to Condition 6(j), if as a *result* of

- (i) any change to the relevant requirements issued by the MAS in relation to the qualification of any Perpetual Capital Securities as Additional Tier 1 Capital Securities;
- (ii) any change in the application of official or generally published interpretation of such relevant requirements issued by the MAS or any relevant authority (including a ruling or notice issued by the MAS or any relevant authority) regarding the qualification of any Perpetual Capital Securities as Additional Tier 1 Capital Securities; or
- (iii) any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of any Perpetual Capital Securities as Additional Tier 1 Capital Securities,

which change or amendment:

- (X) becomes, or would become, effective on or after the Issue Date; or
- (Y) in the case of a change to the relevant requirements issued by the MAS, if such change is issued by the MAS, on or after the Issue Date,

the relevant Perpetual Capital Securities (in whole or in part) would not qualify as Additional Tier 1 Securities (a "**Change of Qualification Event**"), then the Issuer may, having given not less than 30 nor more than 60 days' prior written notice to the Securityholders (in accordance with Condition 15) and to the Trustee and the Issuing and Paying Agent in writing (which notice shall be irrevocable), redeem in accordance with these Conditions on any Distribution Payment Date (if this Perpetual Capital Security is at the relevant time a Floating Rate Perpetual Capital Security) or at any time

(if this Perpetual Capital Security is at the relevant time not a Floating Rate Perpetual Capital Security) all, but not some only, of the relevant Perpetual Capital Securities, at their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their nominal amount together with Distributions accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that a Change of Qualification Event has occurred and the Trustee shall be obliged without any enquiry or investigation to accept such certificate as conclusive evidence of the satisfaction of the conditions set out above in this Condition 6(e), and such acceptance shall be without liability to any Securityholder or any other person. Such certificate shall be conclusive and binding on the Securityholders.

Any redemption of Perpetual Capital Securities by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

- (f) **Purchases:** The Issuer and any of its Subsidiaries (with the prior written approval of the MAS, for so long as the Issuer is required to obtain such approval) may at any time purchase the Perpetual Capital Securities in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Perpetual Capital Securities are listed, the requirements of the relevant stock exchange. The Issuer or any such Subsidiary may, at its option, retain such purchased Perpetual Capital Securities for its own account and/or resell or cancel or otherwise deal with them at its discretion. The Perpetual Capital Securities so purchased, while beneficially held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for certain purposes, including for purpose of calculating quorums at meetings of the Securityholders or for the purposes of Condition 10.
- (g) **Cancellation:** All Perpetual Capital Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation by surrendering the Certificate representing such Perpetual Capital Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Capital Securities redeemed by the Issuer, be cancelled forthwith. Any Perpetual Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Perpetual Capital Securities shall be discharged.
- (h) **No Obligation to Monitor:** Neither the Trustee nor any of the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and none of them will be responsible or liable to the Securityholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance has occurred or exists.
- (i) **Calculations:** Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any Early Redemption Amount, any Final Redemption Amount, any Optional Redemption Amount or any other amount payable under any notice of redemption under this Condition 6 and none of them shall be liable to the Securityholders, the Issuer or any other person for not doing so.
- (j) **Redemption Conditions of Perpetual Capital Securities:** Any redemption under Conditions 6(c), 6(d) or 6(e) of the Perpetual Capital Securities by the Issuer is subject to the Issuer obtaining the prior written approval of the MAS.

7 Payments

- (a) **Payments of Principal and Distributions:**

- (i) Payments of principal in respect of Perpetual Capital Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(a)(ii) below.
- (ii) Distributions on Perpetual Capital Securities shall be paid to the person shown on the Register at the close of business:
 - (A) in the case of a currency other than Renminbi, on the 15th day before the due date for payment thereof; and
 - (B) in the case of Perpetual Capital Securities denominated in Renminbi, on the fifth business day before the due date for payment (the “**Record Date**”). Payments of Distribution on each Perpetual Capital Security shall be made:
 - (X) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
 - (Y) in the case of Renminbi, by transfer to the registered account of the Securityholder. If a holder does not maintain a registered account in respect of a payment to be made under the Perpetual Capital Securities, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, *provided that* the Issuer shall not have any obligation to make any such arrangements.

In this Condition 7(a), “**registered account**” means the Renminbi account maintained by or on behalf of the Securityholder with a bank in Singapore or Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or CDP, as the beneficial holder of a particular nominal amount of Perpetual Capital Securities represented by a Global Certificate must look solely to Euroclear, Clearstream or CDP, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Certificate.

- (b) **Payments subject to fiscal laws:** Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Securityholders in respect of such payments.
- (c) **Appointment of Agents:** The Issuing and Paying Agent, the CDP Paying Agent, the other Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CDP Paying Agent, the other Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Issuing and Paying Agent, the CDP Paying Agent, any other Paying Agent, the Registrars, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, *provided that* the Issuer shall at all times maintain:
 - (i) an Issuing and Paying Agent;
 - (ii) a Registrar;

- (iii) a Transfer Agent;
- (iv) a CDP Paying Agent in relation to Perpetual Capital Securities accepted for clearance through the CDP System;
- (v) one or more Calculation Agent(s) where these Conditions so require;
- (vi) a Paying Agent in Singapore, where the Perpetual Capital Securities may be presented or surrendered for payment or redemption, in the event that the Global Certificates are exchanged for definitive Certificates, for so long as the Perpetual Capital Securities are listed on the SGX-ST and the rules of the SGX-ST so require; and
- (vii) such other agents as may be required by any other stock exchange on which the Perpetual Capital Securities may be listed,

in each case as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Securityholders.

- (d) **Non-Business Days:** If any date for payment in respect of any Perpetual Capital Security is not a business day, the holder shall not be entitled to payment until the next following business day nor to any Distribution or other sum in respect of such postponed payment. In this Condition 7(d), “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such other jurisdictions as shall be specified as “**Financial Centres**” hereon and:
 - (i) (in the case of a payment in a currency other than Euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in Euro) which is a TARGET2 Business Day; or
 - (iii) (in the case of Renminbi where the Perpetual Capital Securities are cleared through Euroclear or Clearstream) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in London and Hong Kong; or
 - (iv) (in the case of Renminbi where the Perpetual Capital Securities are cleared through the CDP System or where the Perpetual Capital Securities are in definitive form) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.
- (e) **Renminbi fallback:** Notwithstanding the foregoing and subject to Condition 5 and 6(j), if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not, in its sole and absolute discretion, able to satisfy payments of principal or Distribution in respect of the Perpetual Capital Securities when due in Renminbi (in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream) in Hong Kong, or (in the case of Perpetual Capital Securities cleared through the CDP System) in Singapore, the Issuer shall, on giving not less than 15 nor more than 30 business days’ irrevocable notice to the Securityholders prior to the due date for payment, settle any such payment (in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream) in U.S. dollars, or (in the case of Perpetual Capital Securities cleared

through the CDP System) in Singapore dollars, on the due date at (in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream) the U.S. Dollar Equivalent, or (in the case of Perpetual Capital Securities cleared through the CDP System) the Singapore Dollar Equivalent, of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Distributions on the Perpetual Capital Securities will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant principal or Distribution in respect of the Perpetual Capital Securities shall be made by:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, transfer to a U.S. dollar denominated account maintained by the holder with a bank in New York City; and the definition of “**business day**” for the purpose of this Condition 7(e) shall mean any day on which banks and foreign exchange markets are open for general business in the relevant place of presentation, and New York City; or
- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, transfer to a Singapore dollar denominated account maintained by the payee with a bank in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(e) by the Calculation Agent will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agents and all Securityholders.

In this Condition 7(e):

“**Determination Business Day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign exchange):

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, in Hong Kong, in Singapore and New York City; or
- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, in Singapore;

“**Determination Date**” means the day which:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, is five Determination Business Days before the due date for payment of the relevant amount under these Conditions; or
- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, is 15 Determination Business Days before the due date for payment of the relevant amount under these Conditions;

“**Governmental Authority**” means:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any

other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or

- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, the MAS or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

“Illiquidity” means:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay Distribution or principal in respect of the Perpetual Capital Securities as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or
- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay Distribution or principal in respect of the Perpetual Capital Securities as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

“Inconvertibility” means the occurrence of any event that makes it impossible (where it had been previously possible) for the Issuer to convert any amount due in respect of the Perpetual Capital Securities in the general Renminbi exchange market and, in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, Hong Kong, or, in the case of Perpetual Capital Securities cleared through the CDP System, Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or
- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“**PRC**” means the People’s Republic of China (excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan);

“**Renminbi Dealer**” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, in Hong Kong; and
- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, in Singapore;

“**Singapore Dollar Equivalent**” means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date;

“**Spot Rate**” means:

- (i) in the case of Perpetual Capital Securities cleared through Euroclear or Clearstream, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3 or, if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF; or

If such rate is not available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means such display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; or

- (ii) in the case of Perpetual Capital Securities cleared through the CDP System, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(e) by the Calculation Agent will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agents and all Securityholders; and

“**U.S. Dollar Equivalent**” means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents.

8 Taxation

All payments of principal and Distributions by or on behalf of the Issuer in respect of the Perpetual Capital Securities shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a deduction or withholding by or within Singapore, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Perpetual Capital Security:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is:
- (i) treated as a resident of or as having a permanent establishment in Singapore for tax purposes; or
 - (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Capital Security by reason of his having some connection with Singapore other than the holding or ownership of the Perpetual Capital Security or receiving income therefrom, or the enforcement thereof; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements concerning the nationality, residence, identity or other attributes of the holder or beneficial owner or by making or procuring that any third party makes a declaration of residence, non-residence or other similar claim for exemption to any tax authority in the place where the relevant Perpetual Capital Security (or the Certificate representing it) is presented for payment; or
- (c) **Presentation more than 30 days after the Relevant Date:** where presentation is required or has occurred, presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Capital Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Securityholders that, upon further presentation of the relevant Perpetual Capital Security (or the Certificate representing it) being made in accordance with these Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation. References in these Conditions to:

- (i) “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Capital Securities, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;
- (ii) “**Distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it; and

- (iii) “**principal**” and/or “**Distribution**” shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision of these Conditions, any amounts to be paid by or on behalf of the Issuer in respect of the Perpetual Capital Securities, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

For the avoidance of doubt, neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 and none of the Trustee or any of the Agents shall be responsible or liable for (A) determining whether the Issuer or any Securityholder is liable to pay any taxes, duty, charges, withholding or other payment referred to in this Condition; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or the Agents shall be responsible or liable for any failure of the Issuer, any Securityholder, or any other third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Perpetual Capital Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

Where Distributions, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Capital Securities 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 shall not apply if such person acquires such Perpetual Capital Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose Distributions, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Capital Securities 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.

9 Prescription

Claims against the Issuer for payment in respect of the Perpetual Capital Securities shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

10 Default

- (a) *Default*: “**Default**”, wherever used in this Condition 10, means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) failure to pay principal of or Distribution on any Perpetual Capital Security (which default in the case of principal continues for five Business Days and in the case of Distribution continues for 10 Business Days) after the due date for such payment.

- (b) *Enforcement:* If a Default occurs in relation to the Perpetual Capital Securities and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. The Trustee shall have no right to enforce payment under or accelerate payment of any Perpetual Capital Security in the case of such Default in payment on such Perpetual Capital Security or a default in the performance of any other covenant of the Issuer in such Perpetual Capital Security or in the Trust Deed except as provided for in this Condition 10 and Clause 7 of the Trust Deed.

Subject to the subordination provisions as set out in Condition 3 and in Clause 5 and Clause 7 of the Trust Deed, if a court order is made or an effective resolution is passed for the winding-up of the Issuer, there shall be payable on the relevant Perpetual Capital Securities, after the payment in full of all claims of all the Relevant Creditors, but in priority to holders of Junior Obligations of the Issuer, such amount remaining after the payment in full of all claims of all the Relevant Creditors up to, but not exceeding, the nominal amount of the relevant Perpetual Capital Securities together with Distribution accrued to the date of repayment.

- (c) *Rights and Remedies upon Default:* If a Default in respect of the payment of principal of, or Distribution on, the Perpetual Capital Securities occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. If the Issuer shall default in the performance of any obligation contained in the Trust Deed or the relevant Perpetual Capital Securities other than a Default specified in Condition 10(a) above, the Trustee and the Securityholders shall be entitled to every right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Perpetual Capital Security except as provided in this Condition 10 and Clause 7 of the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed, the relevant Perpetual Capital Securities, the payment of such money damages or other restitution shall be subject to the subordination provisions set out herein and in Clause 5 and Clause 7 of the Trust Deed.
- (d) *Entitlement of the Trustee:* The Trustee shall not be bound to take any of the actions referred to in Condition 10(b) and Condition 10(c) above or any other actions under these Conditions or Clause 7.3 of the Trust Deed or any other action under the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Securityholders or in writing by the holders of at least 25 per cent. in nominal amount of the relevant Perpetual Capital Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.
- (e) *Rights of holders:* No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and these Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer in respect of the relevant Perpetual Capital Securities, other than as referred to in this Condition 10 and Clause 7 of the Trust Deed, shall be available to the Trustee or any Securityholder whether for the recovery of amounts owing in relation to or arising from the relevant Perpetual Capital Securities and/or, in respect of the relevant Perpetual Capital Securities, the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the relevant Perpetual Capital Securities and/or, in respect of the relevant Perpetual Capital Securities, the Trust Deed.

11 Meetings of Securityholders, Modification, Waiver and Substitution

- (a) **Meetings of Securityholders:** The Trust Deed contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provision of the Trust Deed and/or the Agency Agreement. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Securityholders holding not less than 10 per cent. in nominal amount of the Perpetual Capital Securities for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in nominal amount of the Perpetual Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Perpetual Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*,
- (i) to amend the dates of redemption of the Perpetual Capital Securities or any date for payment of Distribution or Distribution Amounts on the Perpetual Capital Securities;
 - (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Perpetual Capital Securities;
 - (iii) to reduce the rate or rates of Distribution in respect of the Perpetual Capital Securities or to vary the method or basis of calculating the rate or rates or amount of Distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Capital Securities (except as a result of any modification contemplated in Condition 4(i));
 - (iv) if a Minimum Rate of Distribution and/or a Maximum Rate of Distribution, or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Distribution and/or Maximum Rate of Distribution;
 - (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount;
 - (vi) to vary the currency or currencies of payment or denomination of the Perpetual Capital Securities;
 - (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply;
 - (viii) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution; or
 - (ix) to amend the subordination provisions in the Trust Deed or to modify Condition 3 in respect of the Perpetual Capital Securities,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Perpetual Capital Securities for the time being

outstanding. Any Extraordinary Resolution duly passed shall be binding on all Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (x) in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Perpetual Capital Securities outstanding who for the time being are entitled to receive notice of a meeting of Securityholders under the Trust Deed or (y) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

The consent or approval of the Securityholders shall not be required in the case of amendments to these Conditions pursuant to Condition 4(i) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Distribution Amount in respect of the Perpetual Capital Securities or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 4(i), where the requirements of Condition 4(i) have been satisfied (including the provision of a certificate to the Trustee, where applicable).

These Conditions may be amended, modified or varied in relation to any Series of Perpetual Capital Securities by the terms of the applicable Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed, etc. and waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Securityholders, to:
- (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of applicable law or as required by CDP and/or Euroclear and/or Clearstream; and
 - (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Notwithstanding any other provision of these Conditions or the Trust Deed, no modification to any Condition or any provision of the Trust Deed may be made without the prior written approval of the MAS, to the extent that such modification changes or otherwise affects the eligibility of the Perpetual Capital Securities as Additional Tier 1 Capital Securities.

Any such modification, authorisation or waiver shall be binding on the Securityholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified to the Securityholders as soon as practicable.

- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Securityholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Perpetual Capital Securities. In the case of such a substitution the Trustee may agree, without the consent of the Securityholders, to a change of the law governing the Perpetual Capital Securities and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Securityholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions and/or duties and/or exercise of its rights, powers and/or discretions under the Trust Deed, the Agency Agreement and/or these Conditions (including, but not limited to, those referred to in this Condition 11), the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee shall not be entitled to require on behalf of any Securityholders, nor shall any Securityholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

12 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, and/or these Conditions and/or in respect of the Perpetual Capital Securities or from taking any other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of the Securityholders. The Trust Deed provides that, when determining whether an indemnity and/or any security and/or pre-funding is satisfactory to it, the Trustee shall be entitled (a) to evaluate its risk in any given circumstance by considering the worst case scenario and (b) to require that any indemnity and/or security and/or pre-funding given to it by the Securityholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trustee may accept and rely without liability to Securityholders or any other person on a report, confirmation or certificate or any advice or opinion of any legal counsels, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation, certificate, advice or opinion and such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Trustee and the Securityholders.

Whenever the Trustee is required or entitled by these terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Securityholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the

Securityholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Securityholders or in the event that no direction is given to the Trustee by the Securityholders. None of the Trustee or any Agent shall be liable to any Securityholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Securityholders. The Trustee shall be entitled to rely on any direction, request or resolution of Securityholders given by holders of the requisite principal amount of Perpetual Capital Securities outstanding or passed at a meeting of Securityholders convened and held in accordance with the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and/or any other person appointed by the Issuer in relation to the Perpetual Capital Securities of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Default or Potential Default (as defined in the Trust Deed), as the case may be, has occurred or may occur or to monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement and/or these Conditions.

Each Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Securityholder shall not rely on the Trustee in respect thereof.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer or any person or body corporate associated (directly or indirectly) with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

13 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer, the Issuing and Paying Agent and/or the Registrar in respect of such Certificates) and otherwise as the Issuer and/or the relevant Agent may require in their sole discretion. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further securities either having the same terms and conditions as the Perpetual Capital Securities in all respects (or in all respects except for the first payment of Distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Perpetual Capital Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Perpetual Capital Securities. Any further securities forming a single series with the outstanding securities of any series (including the Perpetual Capital Securities) constituted by the Trust Deed or any deed supplemental to it shall be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Securityholders and the holders of securities of other series where the Trustee so decides.

15 Notices

Notices to the holders of Perpetual Capital Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Capital Securities shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be The Business Times) or, so long as Perpetual Capital Securities are listed on the SGX-ST, published on the website of the SGX-ST. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any published notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

So long as the Perpetual Capital Securities are represented by the Global Certificate and the Global Certificate is held on behalf of CDP, Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Securityholders shall be given by delivery of the relevant notice to CDP (subject to the agreement of CDP), Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, except that if the Perpetual Capital Securities are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published as provided above.

16 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Perpetual Capital Security is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Securityholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Perpetual Capital Security that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Perpetual Capital Security, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 16, it shall be sufficient for the Securityholder, as the case may be, to demonstrate that it would have suffered a loss had an

actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Securityholder and shall continue to be in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Perpetual Capital Security or any other judgment or order.

17 Contracts (Rights of Third Parties) Act

[Without prejudice to the rights of the Securityholders as set out in these Conditions, no person shall have any right to enforce any term or condition of the Perpetual Capital Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Perpetual Capital Securities expressly provide for such Act to apply to any of their terms.]³

[Without prejudice to the rights of the Securityholders as set out in these Conditions, no person shall have the right to enforce any term or condition of the Perpetual Capital Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.]⁴

18 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, [as supplemented by the Singapore Supplemental Trust Deed,]⁴ the Perpetual Capital Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, [English law, save that the provisions in relation to subordination, set-off and payment void, default and enforcement are governed by and shall be construed in accordance with Singapore law]³ [Singapore law]⁴.
- (b) **Jurisdiction:** [The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Capital Securities, save that the courts of Singapore shall have exclusive jurisdiction to settle any disputes that arise out of or are in connection with the provisions in relation to subordination, set-off and payment void, default and enforcement and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Capital Securities (“**Proceedings**”) may be brought in such courts. Insofar that the Proceedings do not arise out of or are in connection with the provisions in relation to subordination, set-off and payment void, default and enforcement, the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Perpetual Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not). Insofar that the Proceedings arise out of or are in connection with the provisions in relation to subordination, set-off and payment void, default and enforcement, all parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.]³

³ Include for Perpetual Capital Securities governed by English law.

⁴ Include for Perpetual Capital Securities governed by Singapore law.

[The courts of Singapore are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Capital Securities and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Capital Securities (“**Proceedings**”) shall be brought in such courts. All parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.]⁵

(c) **[Service of Process:**

The Issuer has in the Trust Deed irrevocably appointed Hackwood Secretaries Limited of One Silk Street, London, EC2Y 8HQ as its agent to accept service of documents in connection with proceedings in England and Wales in any Proceedings, service upon whom shall be deemed completed whether or not forwarded to or received by the Issuer. If for any reason Hackwood Secretaries Limited ceases to be appointed or is otherwise unable to accept service of process on behalf of the Issuer in England, the Issuer shall immediately appoint a new agent to accept such service of process in England.]⁶

19 Headings

Headings are for convenience only and do not affect the interpretation of these Terms and Conditions.

⁵ Include for Perpetual Capital Securities governed by Singapore law.

⁶ Include for Perpetual Capital Securities governed by English law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in respect of Notes other than Perpetual Capital Securities) or Distributions (in respect of Perpetual Capital Securities only), as applicable, and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Pricing Supplement to this Offering Circular.

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary or CDP.

Upon the initial deposit of a Global Note with a Common Depositary or CDP, or registration of Registered Notes in the name of any nominee for CDP, Euroclear or Clearstream and delivery of the relative Global Certificate to the Common Depositary or CDP (as the case may be), CDP or Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with CDP and/or Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with CDP, Euroclear, Clearstream or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of CDP, Euroclear, Clearstream or any other permitted clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to CDP, Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the applicable Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see “*Summary of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (b) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the applicable Pricing Supplement, for Definitive Notes.

2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*”, in part for Definitive Notes:

- (a) if the Permanent Global Note is held on behalf of the Euroclear or Clearstream or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (b) if the Permanent Global Note is held on behalf of CDP,
 - (i) the Event of Default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the relevant Conditions has occurred and is continuing,
 - (ii) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise),
 - (iii) CDP announces an intention permanently to cease business and no Alternative Clearing System is available, or
 - (iv) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the terms and conditions for the provision of depository services and no Alternative Clearing System is available; or
- (c) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of CDP, Euroclear or Clearstream.

3 Global Certificates

Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in CDP, Euroclear or

Clearstream or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system while they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfers of the holding of Notes represented by any Global Certificate pursuant to Note Condition 2(b) or, as the case may be, Perpetual Capital Securities Condition 2(a) may be made:

- (a) in whole or in part, if the Global Certificate is held on behalf of Euroclear or Clearstream or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (b) in whole or in part, if the Global Certificate is held on behalf of CDP,
 - (i) an Event of Default or Default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing,
 - (ii) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise),
 - (iii) CDP announces an intention permanently to cease business and no Alternative Clearing System is available, or
 - (iv) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the terms and conditions for the provision of depository services and no Alternative Clearing System is available; or
- (c) in whole or in part, with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Note Conditions (which will be set out in the applicable Pricing Supplement) relating to Partly-paid Notes.

4 Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will:

- (a) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being

exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange; or

- (b) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions.

In this Offering Circular, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest (in respect of Notes other than Perpetual Capital Securities) or Instalment Amounts that have not already been paid on the Global Note and, if applicable, a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

5 Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Note, the first day following the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

(a) Payments

Except in the case of Definitive Notes where an applicable Fixed Coupon Amount or, as the case may be, Fixed Distribution Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest or, as the case may be, Rate of Distribution to:

- (i) in the case of fixed rate Notes which are represented by Global Notes, the aggregate outstanding nominal amount of the fixed rate Notes represented by such Global Notes (or, if a Note is specified as being partly paid, the aggregate amount paid up); or

(ii) in the case of fixed rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made, against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Note Condition 7(h) (in respect of Notes other than Perpetual Capital Securities).

All payments made in respect of Notes represented by a Global Certificate held on behalf of Euroclear or Clearstream will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

All payments made in respect of Notes represented by a Global Certificate held by CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day prior to the date of payment.

(b) **Prescription**

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest (in respect of Notes other than Perpetual Capital Securities)) from the appropriate Relevant Date (as defined in Note Condition 8 (in respect of the Notes other than Perpetual Capital Securities)).

(c) **Meetings**

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

(d) **Cancellation**

Cancellation of any Note represented by a Permanent Global Note that is required by the Note Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

(e) **Purchase**

Notes represented by a Permanent Global Note may, at any time, only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest (in respect of Notes other than Perpetual Capital Securities) and Instalment Amounts (if any) thereon.

(f) **Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Note Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of CDP, Euroclear and/or Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).

(g) **Noteholders' Options**

Any option of the Noteholders provided for in the relevant Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate may be exercised by the holder of the Permanent Global Note or Global Certificate giving notice to the Issuing and Paying Agent (or, in the case of Notes cleared through CDP, the CDP Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the relevant Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note or a Global Certificate to the Issuing and Paying Agent, or, in the case of Notes cleared through CDP, the CDP Paying Agent or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

(h) **Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders or participants with entitlements to any such Global Note or Registered Notes and may consider such interests on the basis that such account holders Registered Notes were the holders of the Notes represented by such Global Note or Registered Notes.

(i) **Direct Rights in respect of Notes cleared through CDP**

If any Default or Event of Default has occurred and is continuing, the Trustee may state in a notice given to the Issuing and Paying Agent and the Issuer (the “**default notice**”) the nominal amount of Notes (which may be less than the outstanding nominal amount of the Global Note or Global Certificate) which is being declared due and payable. Following the giving of the default notice, the holder of the Notes represented by the Global Note or Global Certificate, as the case may be, cleared through CDP may (subject as provided below) elect that direct rights (“**Direct Rights**”) under the provisions of the deeds of covenant executed as a deed by the Issuer on 2 July 2020, (and as further amended, restated or supplemented from time to time, the “**CDP Deed of Covenant**”) shall come into effect in respect of a nominal amount of Notes up to the aggregate nominal amount in respect of which such default notice has been given. Such election shall be made by notice to the CDP Paying Agent and the Registrar in the case of the Global Certificate and presentation of the Global Note or Global Certificate, as the case may be, to or to the order of the CDP Paying Agent for reduction of the nominal amount of Notes represented by the Global Note or Global Certificate, as the case may be, by such amount as may be stated in such notice and by endorsement of the appropriate Schedule hereto of the nominal amount of Notes in respect of which Direct Rights have arisen under the relevant CDP Deed of Covenant. Upon each such notice being given, the Global Note or Global Certificate, as the case may be, shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date or the date of transfer in respect of a Global Certificate, as the case may be, unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

(j) **Notices**

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system (subject, in the case of the Global Note or Global Certificate held by CDP, to the agreement of CDP) for communication by it to accountholders entitled to an interest in the Notes in substitution for mailing to the addresses in the Register as required by the relevant Conditions except that if the Notes are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published in accordance with the relevant Conditions.

(k) **Partly-paid Notes**

The provisions relating to Partly-paid Notes are not set out in this Offering Circular but will be contained in the applicable Pricing Supplement and thereby in the Global Notes or the Global Certificate. While any instalments of the subscription monies due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be used by the Group for general corporate purposes, funding working capital and future growth plans.

CAPITALISATION

The following table sets forth the capitalisation of the Group as at 31 December 2019, based on or derived from the audited consolidated financial statements of the Group unless otherwise indicated.

	As at 31 December 2019 S\$'000
Lease Liabilities ⁽¹⁾	46,186
Bank borrowing ⁽²⁾	418,181
Notes issued ⁽³⁾	599,582
Total Borrowings	1,063,949
 Share Capital and Reserves	
Share capital	988,459
Treasury shares	(14,159)
Reserves for future distribution	150,240
Fair value reserve	113,805
Accumulated surplus	2,611,299
Non-controlling interest	6,209
Total equity	3,855,853
Total capitalisation⁽⁴⁾	4,919,802

Notes:

- (1) The lease liabilities relate to the Group's leases of retail, office and industrial properties recognised under FRS (as defined herein) 116. The amount represents the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates.
- (2) The Issuer's subsidiary has a bank borrowing of \$420,000,000 which was refinanced on 17 January 2017 and repayable on 17 January 2022. The bank borrowing is secured by, among others, a legal mortgage over an investment property of the subsidiary.
- (3) The Issuer has on 23 August 2012 issued S\$600,000,000 3.65% Subordinated Notes due 2027 callable with a coupon reset in 2022.
- (4) Total Capitalisation is the sum of Total Borrowings plus Total Equity.

SHARE CAPITAL

The following table sets forth the Issuer's issued share capital as at 31 December 2019:

	As at 31 December 2019 S\$'000
Common Shares	327,871
Permanent Shares	660,588
Total issued and fully paid shares	988,459

CAPITAL ADEQUACY RATIO

The following table sets forth the Group's capital adequacy ratio as at 31 December 2019:

	As at 31 December 2019 %
Capital adequacy ratio	283.0

DESCRIPTION OF THE ISSUER

OVERVIEW

NTUC Income was founded in 1970 to offer essential and affordable insurance to workers in Singapore and it strives to support its customers' diverse financial and protection needs as they embark on different life stages in Singapore. Today, NTUC Income serves over two million customers with its multiple distribution and marketing channels in Singapore. With the aim to be a leading digital insurer in Singapore, NTUC Income provides digital solutions to its customers so that they have choice and flexibility in the manner in which they interact with NTUC Income.

NTUC Income believes in being a thriving social enterprise and making a positive difference in the community that it serves and this remains its business imperative. NTUC Income strives to achieve this by (i) delivering value to its customers by offering competitive pricing for its products and value-added services, (ii) making insurance products available and accessible to the elderly and the underserved community and (iii) improving the circumstances of those in need through programmes that promote inclusive growth and sustainable development.

NTUC Income is registered as a co-operative society under the Co-Operative Societies Act, Chapter 62 of Singapore (the "**Co-operative Societies Act**") and is currently Singapore's only insurance co-operative which is registered with the MAS as a Singapore composite insurer to carry out life, health and general insurance business under a single entity, in Singapore.

For FY2019, NTUC Income was one of the largest insurers in the general insurance industry in Singapore with a market share of approximately 11.0%¹. Within the general insurance segment in Singapore, NTUC Income was the leading insurer for motor and travel insurance with a market share of 24.5%¹ and 15.1%¹, respectively for FY2019.

NTUC Income was amongst the largest insurers in Singapore in the life and health insurance industry with a market share of approximately 8.9%² for FY2019.

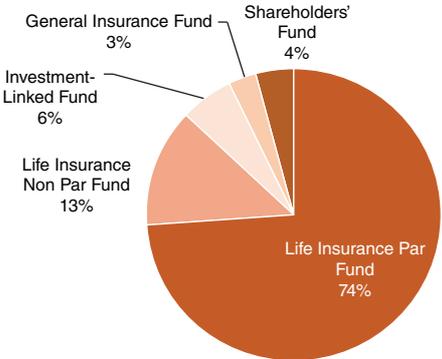
NTUC Income's business lines are categorised into consumer and corporate business segments. The consumer business segment comprises a suite of products and services that cover life, health, travel, motor, maid and home insurance, as well as financial planning to meet the protection, savings and investment needs of individuals. The corporate business segment offers both commercial lines and group insurance, provides property and casualty products, as well as employee benefits insurance to corporate clients.

¹ Source: General Insurance Association market share results for FY2019

² Source: Life Insurance Association market share results for FY2019

For FY2019, NTUC Income’s gross premiums and net operating surplus amount to approximately S\$3.9 billion and S\$326.1 million respectively. NTUC Income’s total assets amounted to approximately S\$41.9 billion at the end of FY2019, which were held in the funds described below.

Total Asset by fund



- **Life Insurance Participating Fund** – contains all the individual participating life insurance contracts and certain non-participating life insurance contracts;
- **Life Insurance Non-Participating Fund** – contains the health insurance and group term insurance business and non-participating life insurance contracts;
- **Investment-Linked Fund** – contains the business of all investment-linked insurance contracts;
- **General Insurance Fund** – contains the business of all the general insurance contracts; and
- **Shareholders’ Fund** – contains the capital contributions made by shareholders, net of transfer to and from the insurance funds and net assets relating to other non-insurance business.

(collectively referred to as the “Funds”)

The principal activities of NTUC Income, which are the main activities of the Group, consist of the underwriting of life, health and general insurance business and carrying out investment activities incidental to its business. The principal activities of NTUC Income’s subsidiaries are investment holding, owning and leasing an investment property, operating of retail and referral services and financial advisory services. See the section “– Organisation and Structure of the Group – Key Subsidiaries and Associates” for further details.

NTUC Income has an extensive and expansive multi-channel distribution network with the key sales channels consisting of: (i) a large, long-standing tied agency force, (ii) retail financial services and (iii) partnership distribution (see “– Competitive Strengths and Strategy – Competitive Strengths – An extensive and expansive multi-channel distribution network” for further details).

NTUC Income is currently rated “AA-/Stable” by Standard & Poor’s, which NTUC Income has held since 2009. The overall rating reflects an uplift of two notches above its stand-alone credit profile rating of “a” based on Standard & Poor’s expectation of government support for NTUC Income.

OVERVIEW OF SINGAPORE INSURANCE SECTOR

In Singapore, the insurance sector is regulated by the MAS. The MAS was established in 1971 and the regulation of the insurance industry was brought under its control in 1977.

In relation to the life insurance industry in Singapore, based on publicly available information released by the Life Insurance Association Singapore, Singapore's life insurance industry grew at a compounded annual growth rate of approximately 2.0% from FY2017 to FY2019³ and for FY2019, recorded a total of approximately S\$4.3 billion in weighted new business premiums⁴, which represented approximately a 0.4% increase from FY2018⁵. In comparison, NTUC Income's weighted new business premiums increased by approximately 11.2% from FY2018 to FY2019 and grew at a compounded annual growth rate of approximately 10.7% from FY2017 to FY2019.

In relation to the general insurance industry in Singapore, based on publicly available information released by the General Insurance Association of Singapore, (i) the general insurance industry grew at a compounded annual growth rate of approximately 5.5% from FY2017 to FY2019⁶, (ii) gross written premiums for the overall general insurance sector grew by approximately 7.6% from FY2018 to reach approximately S\$4.1 billion as at the end of FY2019⁷ and (iii) the general insurance industry recorded an underwriting loss of S\$28 million in FY2019 compared with an underwriting profit of S\$36.3 million in FY2018⁶. According to General Insurance Association of Singapore⁶, within the general insurance industry, (i) the motor insurance industry grew at a compounded annual growth rate of approximately 0.3% from FY2017 to FY2019, (ii) motor insurance was the largest contributor to gross premiums and grew by approximately 1.0% from FY2018 to reach approximately S\$1.1 billion for FY2019, and (iii) the motor insurance segment recorded an increase of approximately 7.6% in total claims paid out (or an increase in approximately S\$41.3 million) in FY2019 as compared with FY2018, weighing down the general insurance sector's overall underwriting performance by recording an underwriting loss of approximately S\$17.4 million in FY2019 as compared with a profit of approximately S\$9.2 million in FY2018. In comparison, NTUC Income's gross premiums for its general insurance and motor insurance business grew by approximately 11.8% and 14.2%, respectively, from FY2018 to FY2019, and at a compounded annual growth rate of 7.6% and 7.4%, respectively, from FY2017 to FY2019. NTUC Income also continued to remain profitable in both the general insurance and motor insurance segments for FY2019.

³ Source: News release titled "Life Insurance Industry achieves record-breaking growth in 2017" by Life Insurance Association Singapore dated 9 February 2018 and news release titled "Life Insurance industry achieved 0.4 per cent growth in 2019 uplifted by sustained trajectory of annual premium business" by Life Insurance Association Singapore dated 6 February 2020, each of which can be accessed at <https://www.lia.org.sg/news-room/industry-performance>

⁴ Weighted new business premiums measures premiums collected on new policies by taking into account (1) 10 per cent of the value of single premium products, (2) all of a year's premiums for annual premium products, and (3) adjusted value for products with premium payment durations of less than 10 years.

⁵ Source: News release titled "Life Insurance industry achieved 0.4 per cent growth in 2019 uplifted by sustained trajectory of annual premium business" by Life Insurance Association Singapore dated 6 February 2020, which can be accessed at <https://www.lia.org.sg/news-room/industry-performance>

⁶ Source: General Insurance Association Annual Report 2019 at <https://gia.org.sg/images/media-center/annual-reports/GIAAR2019.pdf>

⁷ Source: Press release titled "SG General Insurance Sector Achieves Stable Growth in 2019 With More Claims Paid Out Across Most Segments" dated 24 March 2020, which can be accessed at <https://gia.org.sg/agents/media-center/company-news/>

HISTORY

NTUC Income is a co-operative insurance society formed in 1970 and was initiated by Dr Goh Keng Swee (“**Dr Goh**”), a former Deputy Prime Minister of Singapore, during the “Modernisation of the Labour Movement” seminar on 18 November 1969. NTUC Income operated under the following four guiding principles set out by Dr Goh for a co-operative to operate in Singapore.

1. A co-operative must be fully competitive with private enterprise, and not expect privileged treatment from the government.
2. A co-operative should compete in fields in which it has a natural built-in competitive advantage.
3. A co-operative must establish and maintain the highest standards of integrity.
4. A co-operative must have effective management.

In order to ensure the successful and rapid growth of the co-operative movement, NTUC Income’s strategy was to start with a firm and solid financial base, which could be built upon a life insurance co-operative fulfilling a genuine social need. In the context of those times, a wage earner’s death or incapacity to work often reduced the family to a state of appalling poverty and destitution. To mitigate or even avoid such circumstances, there was a genuine need for members of the working class to take up life insurance⁸.

This was then the genesis behind the incorporation of NTUC Income, which was to provide much needed insurance protection for workers at an affordable cost. Consequentially, in 1970, the trade union leaders pledged S\$1.2 million from their workers’ funds to seed NTUC Income.

RECENT DEVELOPMENTS

The outbreak of COVID-19 together with any resulting restrictions on travel and/or imposition of quarantine measures has resulted and may continue to result in protracted volatility in international markets and/or may result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains.

In Singapore, “circuit-breaker” measures were implemented by the Singapore government on 7 April 2020. These measures ended on 1 June 2020 and from 2 June 2020 to 18 June 2020 under “Phase One” post “circuit-breaker”, Singapore gradually re-opened economic activities that do not pose a high risk of transmission and more businesses and workplaces were allowed to resume operations. From 19 June 2020 under “Phase Two” post “circuit-breaker”, the vast majority of economic activities have been allowed to resume in Singapore, subject to safe-distancing measures. As a result of the “circuit-breaker” measures that were in force, NTUC Income closed all its branches temporarily from 16 April 2020 to 1 June 2020 and also suspended the Group’s Orange Force accident response team, which was established to assist its policyholders in the event of motor accidents, from 16 April 2020 until further notice. During “Phase One” post “circuit-breaker”, NTUC Income opened its service branch at Bras Basah with safe management measures to serve customers via appointments only, with limited number of walk-in customers daily. From 1 July 2020, which falls within “Phase Two” post “circuit breaker”, the service branches at Ang Mo Kio Hub and Westgate were opened with safe management measures to serve customers via Appointments only, with a limited number of walk in customers daily, while the remaining branches, including the Motor Service Centre, and the operations of the Group’s Orange Force, are intended to gradually resume in time.

⁸ Goh Keng Swee: “The Basic Strategy for Rapid Co-operative Development”

Although online insurance services remain available, the Group's closure of its branches and travel restrictions imposed during the "circuit-breaker" period have led to restricted face-to-face engagements with its customers and resulted in lower sales. In addition, precautionary measures put in place such as cleaning and disinfecting common areas have resulted in higher operating expenses for the Group, all of which is likely to have some negative impact on the Group's financial performance in FY2020 as compared with FY2019. Nevertheless, NTUC Income intends to remain committed to its goal in providing affordable and accessible insurance and has supported and will continue to support the needs of its customers through various support schemes. NTUC Income has been closely monitoring the impact of the COVID-19 developments on its businesses and will continue to take appropriate actions to mitigate any potential impacts.

For more information, please see "*Risk Factors – Risks Relating to the Group's Operations and the Insurance Industry – Catastrophic events or health epidemics, which are unpredictable by nature, could materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability*".

COMPETITIVE STRENGTHS AND STRATEGY

Competitive Strengths

NTUC Income's competitive strengths include:

(i) Historic roots in and deep systemic importance to Singapore with a focus on creating value for its customers

NTUC Income was the first co-operative set up by the Labour Movement in 1970 to provide essential insurance coverage to plug the protection gaps of lower income groups in Singapore. NTUC Income's historic roots with the Labour Movement had enabled its early entry into the Singapore insurance market and gave NTUC Income an advantage to establish a network in Singapore. Given its strong brand equity and association with trade unions and its established track record in the life, health and general insurance businesses, NTUC Income has a competitive advantage over the SME segment. In addition, as a co-operative, NTUC Income's goal is to provide essential insurance that is affordable, accessible and sustainable to Singaporeans from all strata of society. Accordingly, NTUC Income remains committed to maintaining insurance premiums at competitive and sustainable rates and is able to maintain its competitive advantage of delivering value for its customers. This is achieved by (i) offering competitive pricing for its products and value-added services, (ii) making insurance products available and accessible to the elderly and the underserved community and (iii) improving the circumstances of those in need through programmes that promote inclusive growth and sustainable development.

(ii) Strong Capital and Liquidity Position

The strength of the NTUC Income's capital and liquidity position is one of NTUC Income's key points of differentiation and a competitive advantage. Through its prudent risk management, NTUC Income has a strong balance sheet. NTUC Income also has a strong liquidity position, with approximately 16% of NTUC Income's total assets held in Singapore government treasury bills and bonds (including MAS treasury bills) and cash and cash equivalents as at the end of FY2019. Furthermore, approximately 5.1% of NTUC Income's total assets are held in debt securities that will mature in the next 12 months.

In addition, internally generated cash flows from NTUC Income's in-force businesses provide NTUC Income with a revenue base that supports on-going efforts to capture the significant growth opportunities that are available by investing in new businesses at high rates of return. For FY2019, NTUC Income maintained a healthy capital adequacy ratio of 283%⁹. Please see the section "*Capital Management and Capital Adequacy*" and "*Supervision and Regulation*" for further information. It is currently rated "AA-/Stable" by Standard & Poor's, which it has held since 2009. Such resilient credit rating underscores NTUC Income's strong competitive position and diversified business mix as well as continued government support. Furthermore, NTUC Enterprise (as defined below as the holding entity and single largest shareholder of the NTUC Social Enterprises that was set up to serve the interests of the Singapore community (see the section "*Organisation and Structure of the Group – Key Subsidiaries and Associates*" for further details)), converted its Common Shares (as defined below) to Permanent Shares (as defined below) in 2018. As the Permanent Shares are not redeemable (unlike the Common Shares) and rank *pari passu* with the existing Common Shares, the conversion by NTUC Enterprise of its Common Shares to Permanent Shares reaffirms its support for NTUC Income and serves as an integral part of NTUC Income's prudent financial planning, supporting its business growth and investments for the future (see "*Organisation and Structure of the Group – Share Capital*" for further details).

(iii) Strong market position in Singapore and a leading composite insurer

NTUC Income benefits from economies of scale due to its strong market position in Singapore. For FY2019, NTUC Income was one of the largest insurers in the general insurance industry in Singapore with a market share of approximately 11.0%¹⁰. Within the general insurance segment in Singapore, NTUC Income was the leading insurer for motor and travel insurance with a market share of 24.5%¹⁰ and 15.1%¹⁰, respectively for FY2019.

NTUC Income was amongst the largest insurers in Singapore in the life and health insurance industry with a market share of approximately 8.9%¹¹ for FY2019.

Through its strong investment and prudent liability management strategies, NTUC Income has maintained a stable financial profile and has limited its risk exposure. NTUC Income has a track record of stable and profitable growth. For FY2019, its net premiums rose to S\$3.9 billion and net operating surplus was S\$326.1 million.

(iv) Diversified product portfolio to meet customer needs

NTUC Income maintains a diversified product portfolio that enables it to address the needs of a broad segment of customers. NTUC Income's portfolio includes accident, health, protection, savings, investment plans, travel, motor and personal accident products in Singapore (see the section "*Products*" for further details).

NTUC Income believes its diversified product mix allows it to create more business value and rapidly address changing market needs. Its long-term track record has also provided significant experience and know-how, enabling it to maintain a lower expense ratio, thereby keeping its premium rate competitive and ultimately, giving a better return to its policyholders.

⁹ This is calculated under RBC1 framework issued by the MAS.

¹⁰ Source: General Insurance Association market share results for FY2019

¹¹ Source: Life Insurance Association market share results for FY2019

Throughout the years, NTUC Income has won a number of accolades and awards, such as being ranked the top insurer in the inaugural Applied Innovation Institute Singapore Insurance Innovation and Digital Benchmark¹² in 2018, produced by the Applied Innovation Institute, in partnership with Quest Ventures. Other awards which NTUC Income received in recent years are as follows.

- *Droplet*, a lifestyle-inspired insurance by Digital Income, clinched an award under the Digital – Personal Insurance category at the inaugural Singapore Business Review Technology Excellence Award in 2019. The award recognised firms with innovative and unique IT initiatives and solutions that enhanced their company’s business in Singapore.
- NTUC Income was conferred two awards at the second Marketing’s Asia eCommerce Awards 2019 in the categories, “Best in eCommerce (Brands) – Banking/Financial Services” and “Best eCommerce Solution.”
- For the fourth consecutive year, NTUC Income’s Orange Force was conferred the “Company Award” and “Safe Driver Award” for the Motorcycle Fleet category by the Singapore Road Safety Council in 2019.
- In the Google’s Masters of Mobile APAC Report 2018, NTUC Income took home the official “Mobile Master” title in the financial services industry. The title is bestowed upon companies which provide great mobile experiences for its on-the-go users.
- NTUC Income was named ‘Brand of the Year’ in the Hall of Fame Awards 2017 organised by the Institute of Advertising Singapore.
- NTUC Income was ranked no. 71 on “Singapore’s Top 100 brands” for 2017 and is the only insurer on the list. The “Singapore’s Top 100 brands” is an aggregator of consumer brand perception and trust. It is part of a wider comprehensive and regional research conducted by Campaign Asia-Pacific and global information and insights provider, Nielsen.

(v) An extensive and expansive multi-channel distribution network

NTUC Income has an extensive and expansive multi-channel distribution network and the key sales channels consist of:

- (i) a large, long-standing tied financial advisors that form the cornerstone of its multi-channel distribution platform and product offerings. In FY2019, sales through NTUC Income’s tied financial advisors accounted for approximately 45.0% of NTUC Income’s total sales in respect of NTUC Income’s life insurance business;
- (ii) retail financial services comprising seven business centres across Singapore and seven retail assurance “Lite” branches in NTUC FairPrice. In FY2019, sales through NTUC Income’s retail financial services accounted for approximately 30.0% of NTUC Income’s total new weighted premium income in respect of NTUC Income’s life insurance business; and
- (iii) partnership distribution which includes bancassurance, independent financial advisors, corporate agents and brokers. In FY2019, sales through NTUC Income’s partnership distribution channel accounted for approximately 75.0% and 25.0% of NTUC Income’s

¹² The Digital Benchmark compared the innovation and digitalisation efforts of 25 insurers in Singapore.

gross written premiums in respect of NTUC Income's general insurance business and total new weighted premium income in respect of NTUC Income's life insurance business, respectively.

In addition, NTUC Income also distributes its products through (i) direct channels including its seven branches across Singapore and telesales, and (ii) online and mobile platforms, in its enhanced efforts to digitalise its core business lines (see “– *Competitive Strengths and Strategy – Competitive Strengths – Digital innovations to offer customers choice and flexibility*” for further details). In FY2019, sales through such direct channels, online and mobile platforms accounted for approximately 16% of NTUC Income's gross written premiums in respect of its general insurance business.

NTUC Income's tied financial advisors are the largest contributor to NTUC Income's sales and provide significant reach and face-to-face customer targeting and servicing capabilities, enabling NTUC Income to build and maintain long-term relationships with its customers.

NTUC Income has built and is continuing to develop other distribution channels to increase market penetration, broaden access to potential customers and meet the evolving preferences of its customers. NTUC Income has established sound relationships with key partners, which provide it with access to potential customers. Furthermore, NTUC Income has not only increased its financial advisors' footprint, but has also empowered them with digital tools and platforms so that their advisory capabilities leverage and complement technology of today. This ensures that NTUC Income's financial advisors move up the value curve as they support customers in their financial goals.

NTUC Income launched a wholly-owned financial advisory firm, Infinitum, in June 2019, which expanded NTUC Income distribution footprint. The setting up of Infinitum was made through the acquisition of smaller but well-established financial advisory firms and this allows NTUC Income to consolidate and tap economies of scale and a wealth of experience in the financial advisory industry to strengthen NTUC Income's offerings and progress as a multi-channel insurer.

(vi) Digital innovations to offer customers choice and flexibility

NTUC Income's digitalisation efforts and innovations have enabled it to offer its customers more choices and flexibility when engaging with NTUC Income. NTUC Income's digitalisation efforts and products offered are as follows:

- In 2015, NTUC Income launched Adviser Connect, the first-of-its-kind digital platform that makes financial advice accessible by enabling a customer to initiate a conversation online and interact directly real time with an Income financial advisor anytime and anywhere, while remaining anonymous. The customer can then decide to meet the adviser personally and pursue the conversation, if preferred.
- In 2016, NTUC Income launched Drive Master and FlexiMileage which allows private car owners to influence what they would pay for motor insurance premiums based on their driving behaviours through the application of telematics.
- In 2017, NTUC Income launched the mobile application, “Accident Reporting by Income”, the first mobile application in Singapore for remote accident reporting, to empower those who are hard-pressed for time to report a motor accident within 24 hours of the accident as required by the motor claims framework. In addition, NTUC Income developed Start.Sure, the industry's first self-service digital employee benefits platform, designed to enable new start-ups to purchase and manage its employee benefit insurance conveniently on one platform.

- In 2018, NTUC Income launched *Droplet*, a first of its kind “raininsurance” policy that protects customers against surge pricing due to rain when they book a ride on ride-hailing platforms and digitalised its health business by unveiling the first-in-Singapore digital portal for Integrated Shield plans on its website. NTUC Income also refreshed its general insurance e-commerce portal to enhance customers’ digital experience. To date, the bulk of the sales that account for the travel insurance business is derived from the e-commerce portal, which has been consistently growing since the portal’s update.
- In 2019, NTUC Income launched the following:
 - (1) *Pinfare*, a travel-inspired lifestyle insurance, which protects travellers when prices of their pinned itineraries increase.
 - (2) *Online Life* and *askSage*, its life insurance portal and digital adviser for life insurance, respectively, to offer customers a wide option of life insurance online. With the launch of such products, customers are supported with digital assets that help them fact-find, carry out financial review and needs analysis, as well as, identify, compare and purchase insurance products seamlessly. NTUC Income believes that *Online Life* and *askSage* help to offer its customers more choices and flexibility when engaging with NTUC Income across its core business lines such as life, health and general insurance.
 - (3) a digital self-service portal “*me@income*” for customers to view their policy information, check payments, submit life insurance claims and also buy products online.
 - (4) a stackable-insurance proposition, CIPPT in collaboration with GrabInsure Insurance Agency (S) Pte. Ltd., which is the first of its kind in Southeast Asia designed to help Grab driver-partners better protect themselves against critical illnesses by offering a unique and flexible option to pay premiums on a per-trip basis with accumulative insurance coverage (see “– *Sustainability and Corporate Social Responsibility – Making Insurance Accessible*” for further details).
 - (5) usage-based motor insurance policies including one such policy in partnership with CARRO, which is bundled with CARRO’s car subscription service. Using vehicular telematics technology, the distance driven each month is tracked and premiums are calculated based on the distance driven.

In addition, in April 2019, NTUC Income and ZA Tech Global Limited, the business entity for overseas technological exports formed by ZhongAn, China’s first internet-based insurer, entered a strategic partnership to collaborate on digital innovations and product launches in Singapore. The collaboration with ZhongAn allows NTUC Income to improve its agility and cost efficiency while tapping ZhongAn’s deep technological know-how and experience to deliver a pipeline of bespoke digital and modularised insurance products that are tailored for modern lifestyles. By leveraging ZhongAn’s capabilities, NTUC Income also intends to readily and seamlessly integrate its technical capabilities with different digital ecosystem partners and create a digital platform that will empower NTUC Income to move towards regionalisation.

(vii) Experienced management driving a comprehensive business growth strategy

NTUC Income has a strong management team with extensive experience and business expertise. The experience of its senior management and directors gives the Group a broad perspective on the insurance industry that drives its business strategies and enables it to respond quickly to changes in the insurance markets in which it operates. For further details of NTUC Income's directors, see "*Directors of the Issuer*".

Strategy

NTUC Income was established to serve the interests of its policyholders first and foremost. As such, NTUC Income is focused on striving for commercial leadership in its business by embracing new challenges and opportunities to serve its social purpose and to fulfil the financial needs of all its policyholders by supporting their retirement and lifestyle planning based on their lifestyle preferences. This entails providing value to its policyholders and ensuring affordability, sustainability and accessibility of all its essential insurance products to its customers and stakeholders, supporting and advocating "national causes" in areas that are consistent with its goals as an insurance provider and managing its business professionally and commercially with respect to pricing, underwriting, claim settlement, complaints handling and dealing with suppliers.

Income 2025 goals

NTUC Income has established "Income 2025" to guide its business towards achieving the goals of:

- (i) **Grow its customers** – by aiming to dominate in all segments, in particular the mass, emerging affluent, high net-worth individuals and small-medium enterprises. NTUC Income intends to capture the small-medium enterprises and deliver best-in-class customer experience to its policyholders. By 2025, NTUC Income's goals are to cover 50% of the population in Singapore under its policies, double its size, triple the embedded value of its new businesses and increase its operating profits by 1.3 times;
- (ii) **Grow its capabilities** – by investing in its people, leveraging on data and technology to build capabilities and modernise technology, enhancing the culture and mind-set of innovation and external orientation within its organisation, strengthening cross-functional collaboration and focusing on being customer-orientated by simplifying interactions and transactions; and
- (iii) **Grow its business** – by scaling and expanding its digital business, expanding into adjacencies and exploring new ecosystem opportunities as well as expanding regionally.

NTUC Income aims to achieve such goals in a sustainable way using the main strategies highlighted below:

Grow its customers

NTUC Income intends to grow its customers by (i) leveraging on cross-selling opportunities, (ii) developing customer segment specific marketing initiatives, (iii) growing its customers in the mass affluent and high-net-worth segments and (iv) growing its SME business to be the preferred SME insurer in Singapore.

(i) Cross-selling

As at the end of FY2019, NTUC Income has over two million policyholders. This offers significant cross-selling and up-selling opportunities. By offering them a broad range of complementary insurance and financial products and services, NTUC Income hopes to

ensure that its customers have sufficient insurance coverage for themselves and their families. NTUC Income intends to reach out to policyholders whose policies have matured to assess if their needs can be further served by NTUC Income and also deploy personal lines insurance bundles to cross-sell to NTUC Income's affinity base of customers.

NTUC Income's goal is to serve all segments of the population in Singapore, including underserved policyholders. It also intends to increase cross-selling between its consumer and corporate businesses by tapping on its bancassurance arrangements, individual customers who are SME owners and corporate owners who may require insurance coverage for their businesses and employees.

(ii) Developing customer segment specific marketing initiatives

NTUC Income further intends to grow its customer base by developing customer segment specific marketing initiatives. For instance, NTUC Income has partnered with DBS Bank Ltd. to market its group employee benefits insurance to DBS Bank Ltd.'s SME banking sector. NTUC Income also works with partners like SAFRA National Service Association, National Trade Union Congress and Home TeamNS, to design insurance products that are specially catered to their members and families.

(iii) Growing its customers in the mass affluent and high-net-worth segments

NTUC Income has identified opportunities in the affluent and emerging affluent segments, where it has started to gain traction by developing products and propositions to increase focus in these segments. NTUC Income intends to continue to build on its momentum to expand into the high-net-worth and ultra high-net-worth segments via a suite of tailored products that will be sold through various brokers within these customer segments.

(iv) Growing SME business to be the preferred SME insurer in Singapore

Based on the latest publicly available information published by the Singapore Department of Statistics, in 2018, there were more than 260,000 SMEs in Singapore which employed more than 70% of the working population in Singapore¹³ and as part of NTUC Income's marketing initiatives, it aims to increase its portfolio in a sustainable way by focusing on being the preferred SME insurer in Singapore and by offering diverse products via enhanced accessibility and convenience for its customers. It intends to grow its SME customer base with the SME portal which aims to streamline application of policies by SME customers, such as establishing automated rule based processes and shortening processing time.

NTUC Income also intends to offer bundle offers and other services at preferential rates for SME customers who purchase a range of insurance policies. Such bundle offers aim to bring greater value to its policyholders and their families.

NTUC Income aims to build towards a single contact point for all intermediaries and customers for all their insurance needs.

Grow its capabilities

NTUC Income intends to grow its capabilities by (i) being a customer-led organisation, (ii) instilling an innovative and externally-oriented culture and (iii) modernising technologies and digitalisation.

¹³ Singapore Department of Statistics, which can be accessed at <https://www.singstat.gov.sg/>

(i) Customer-led organisation

NTUC Income's focus is to be a customer-led organisation. It will continue to place emphasis on being customer-oriented and will continue to ensure that its customers remain satisfied with its service by anchoring its business decisions on its corporate philosophy of maximising value for its customers and to provide best-in-class customer experience by simplifying interactions and transactions, providing appropriate advice, ensuring policy contracts are clear, and settling claims quickly and fairly.

To this end, NTUC Income adopts a prudent and broadly diversified investment strategy and remains committed to maintaining insurance premiums at competitive and sustainable rates. NTUC Income also intends to expand its personal lines insurance business given the profitability and economics of the personal lines insurance business, and is also focused on maintaining its position as the leading motor insurer in Singapore while balancing the competitiveness and sustainability of its general insurance business.

(ii) Innovative and externally-oriented culture

NTUC Income aims to instil an innovative and externally-oriented culture. To this end, NTUC Income remains firmly focused on ensuring insurance access to all strata of society. Given the thriving gig economy, NTUC Income is increasingly seeing a growing protection gap amongst self-employed persons and recognises them as a group of people who are currently under-insured in Singapore. NTUC Income launched the prolonged medical leave ("**PML**") insurance for self-employed persons in September 2018, which are intended to mitigate loss of income, particularly during long periods of illness, injury or hospitalisation for self-employed persons. More significantly, the plans offer pay-out on top of other insurance plans and apply the same premium rate regardless of occupation types. In addition, NTUC Income launched CIPPT in collaboration with GrabInsure Insurance Agency (S) Pte. Ltd. (see "*– Sustainability and Corporate Social Responsibility – Making Insurance Accessible*" for further details).

NTUC Income believes in being a thriving social enterprise and making a positive difference in the community that it serves and this remains its business imperative. The directors and management of NTUC Income are committed to this vision and have crystallised their focus in making a greater social impact, which is entrenched deeply in NTUC Income's founding principles of prudence, solvency, sustainability and excellence, forming the basis on which NTUC Income operates.

NTUC Income's social role is underscored by its commitment to address the needs of the uninsured, under-insured and elderly Singapore residents. In the area of CSR, NTUC Income champions education for underprivileged children and youths in Singapore through Income OrangeAid, its flagship CSR programme. The Income OrangeAid FDP supports tertiary students from the lowest income households through partnership with all polytechnics and the Institute of Technical Education in Singapore by offering bursaries to the beneficiaries to defray their school fees and living expenses, as well as, building their resilience and self-worth through character-development and financial literacy workshops. The FDP also offers an alumni programme that comprises a coaching and facilitators training programme, which aims to broaden FDP beneficiaries' horizons about alternative career choices.

In 2014, NTUC Income won the President's Volunteerism & Philanthropy Awards for donating 1.0% of its annual operating profits to OrangeAid and its RoundUp initiative, which encourages Income life policyholders to round-up their regular premiums and donate the difference to OrangeAid. These initiatives continue to be implemented by NTUC Income. Annually, it also supports community programmes of the Labour Movement and the organisation-wide staff volunteering initiative, 'Income Gives Back'.

NTUC Income is also one of the Founders of the Company of Good, which was launched by the National Volunteer and Philanthropy Centre to provide training and other resources to empower more business operating in Singapore to give back to the community strategically. NTUC Income has been a recipient of the Community Chest SHARE Corporate Platinum Award for its contributions to the Community Chest.

(iii) Modernising technologies and digitalisation

In the second half of 2019, NTUC Income's group insurance business launched the group care services, a mobile application for employees of its group business. Through the mobile application, employees of its group business are able to, among others, access their insurance plans, request for letters of guarantee and submit their insurance claims. In addition, there is a "live" chat function that allows employees to chat with NTUC Income's representative 24/7 on any of their insurance-related services.

NTUC Income intends to digitalise its business, by building new business models and entering into new digital ventures and establishing a digital ecosystem. For instance, it has launched a lifestyle based stackable-insurance mobile proposition called SNACK where NTUC Income collaborates with partners, including EZ-Link, Fitbit and Burpple to provide insurance coverage to customers of such partners (see "*Sustainability and Corporate Social Responsibility – Making Insurance Accessible*" for further details).

In addition, it intends to explore offering insurance products through fintech-enabled digital banking platforms.

Grow its business

NTUC Income intends to grow its business by (i) developing its omni-channel capabilities, (ii) developing and expanding its distribution channels and (iii) investing in adjacencies.

(i) Omni-channel capabilities

NTUC Income intends to develop an omni-channel platform with the ability to orchestrate its omni-channel strategy which is to enable offline and online leads that are being generated to be directed to the relevant channel for follow-up or completion of a transaction. These capabilities will be able to pickup and manage the leads from online to offline and vice-versa seamlessly.

The omni-channel technology capabilities will leverage NTUC Income's and its ecosystem partners' customer data and use advanced analytics capabilities to predict customer behaviour using artificial intelligence-powered algorithms based on customers' usage and interaction with NTUC Income's ecosystem partners. This enables NTUC Income to innovate personalised products for customers across NTUC Income's different customer segments, based on their needs and preferences.

(ii) Continue to develop and expand its distribution channels

NTUC Income seeks to continue to expand its distribution channels by, among other means, developing and maintaining bancassurance and financial advisor relationships to sell its products, as well as expanding its branch network to its customers to better serve their needs.

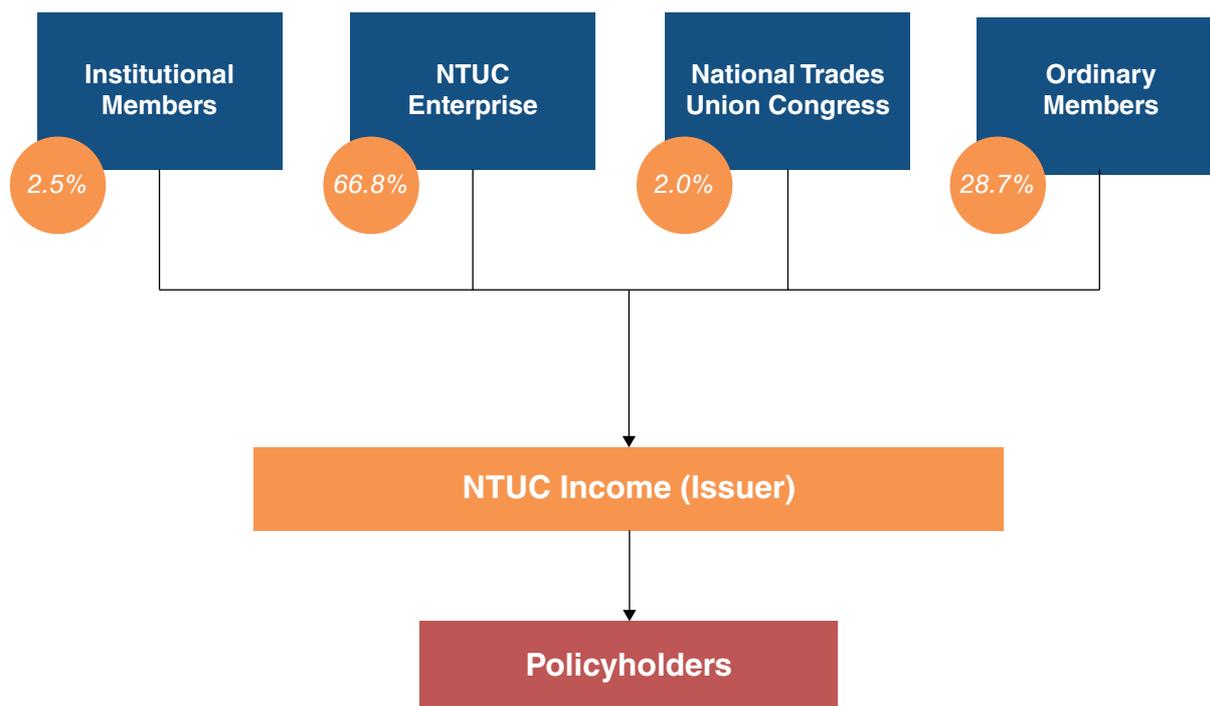
NTUC Income’s bancassurance strategies include close collaboration with bank partners to understand customers’ and bank partners’ needs to develop appropriate products and services, provide positive experiences for its partners and customers, as well as to reach out to new customers.

(iii) Investing in adjacencies

By leveraging market intelligence, which includes research, analysis and competitive information, NTUC Income’s strategies centre on optimising market opportunities by determining and presenting the best and most relevant insurance solutions to its existing customers.

For instance, NTUC Income launched a joint venture in March 2019 with Davita Care Pte Ltd and NTUC Health Co-operative Limited to operate kidney dialysis centres in Singapore. The collaboration brings together one of the world’s largest healthcare providers in renal care, a community care provider and a local insurer to offer value-based and outcome-driven renal disease management in Singapore. The dialysis centres operated by the joint venture serve as NTUC Income’s preferred healthcare facilities, akin to its panel of private specialists. This initiative sees NTUC Income extend its role as payer to enabler in the healthcare ecosystem to influence healthcare consumption to ensure that healthcare and health insurance remain accessible and sustainable in Singapore.

ORGANISATION AND STRUCTURE OF THE GROUP



Membership and Major Shareholders

NTUC Income’s single largest shareholder is NTUC Enterprise Co-operative Limited (“**NTUC Enterprise**”) which currently owns 66.8% of NTUC Income’s share capital. NTUC Enterprise is the holding entity and single largest shareholder of the NTUC Social Enterprises, which were set up to serve the interests of the Singapore community. It aims to enable these social enterprises to achieve significant scale to provide affordable products and services.

The membership of NTUC Income consists of:

- (i) the Founder member, being the National Trades Union Congress (“**Founder Member**”);
- (ii) institutional members, which include, among others, NTUC Enterprise as well as co-operative societies as may be accepted by the Board (“**Institutional Members**”); and
- (iii) ordinary members, who are individual persons who (i) are at least 18 years of age, (ii) are citizens or residents in Singapore, (iii) are not legally or mentally disabled, (iv) are not undischarged bankrupts, and (v) have not been convicted of any offence punishable with imprisonment; and (a) hold an individual life policy with NTUC Income, or (b) hold at least 10 common shares (being ordinary shares in the share capital of NTUC Income issued pursuant to the by-laws of NTUC Income (“**By-Laws**”)) (“**Common Shares**”) in NTUC Income, or (c) are such other persons who may from time to time be admitted at the discretion of the Board on terms that the Board may decide and in accordance with the by-laws of NTUC Income (“**Ordinary Members**”).

Share Capital

The paid-up share capital of NTUC Income consists of Common Shares and Permanent Shares (as defined below).

Shareholders of Common Shares are entitled to redeem their shares at the par value of \$10 each or the net asset value based on the last audited financial statements, whichever is lower, computed in accordance with the Co-operative Societies Act. Due to the redeemable nature of the Common Shares, they do not qualify as equity in accordance with the provisions of Financial Reporting Standard 32 *Financial Instruments: Presentation* and should instead be presented as financial liabilities. Although Common Shares do not qualify as equity based on the accounting standards, NTUC Income has classified such shares as equity.

In 2018, pursuant to amendments to the Co-operative Societies Act, the By-Laws were amended to allow the Co-operative to issue permanent shares (being permanent shares which may be issued only to an institutional member who may, with the written approval of the Registrar of Co-operative Societies under the Co-operative Societies Act, subscribe for permanent shares issued by NTUC Income in accordance with the By-Laws) (“**Permanent Shares**”) and also convert Common Shares issued to Institutional Members, to Permanent Shares. Following the amendments to the Co-operative Societies Act to allow the issuance of Permanent Shares, NTUC Enterprise converted its Common Shares to Permanent Shares in 2018. The Permanent Shares which were issued as a result of the conversion of the Common Shares are not redeemable (unlike the Common Shares) and shall rank *pari passu* in all respects with any existing Common Shares. The conversion by NTUC Enterprise of its Common Shares to Permanent Shares reaffirms its support for NTUC Income and serves as an integral part of NTUC Income’s prudent financial planning, supporting its business growth and investments for the future.

The Permanent Shares can be taken into account for the purposes of fulfilling the capital adequacy requirements applicable to NTUC Income under the RBC2 (as defined below) framework (see the section “– *Capital Management and Capital Adequacy*” and “*Supervision and Regulation*” for further details).

Key Subsidiaries and Associates

The principal activities for the key subsidiaries and associates are as follows:

(i) NTUC Income Holdings Pte. Ltd.

The principal activities of NTUC Income Holdings Pte. Ltd. is investment holding. In 2018, NTUC Income, through its wholly-owned subsidiary NTUC Income Holdings Pte. Ltd., entered into a strategic partnership with Fullerton Fund Management Company Ltd (“Fullerton”). Under this partnership, Fullerton became the investment manager of NTUC Income’s assets of approximately S\$23 billion and in exchange, NTUC Income Holdings Pte Ltd owns a 49% stake in Fullerton. Temasek Holdings (Private) Limited owns the remaining 51% stake.

Fullerton is an Asian and emerging market specialist and one of the largest local fund management company in Singapore, with investment capabilities across fixed income, equity, multi-assets and alternatives.

(ii) Infinitum Financial Advisory Pte Ltd

NTUC Income launched a wholly-owned financial advisory firm, Infinitum, in June 2019, which expanded NTUC Income’s distribution footprint. The setting up of Infinitum was made through the acquisition of smaller but well-established financial advisory firms and this allows NTUC Income to consolidate and tap economies of scale and a wealth of experience in the financial advisory industry to strengthen NTUC Income’s offerings and progress as a multi-channel insurer.

(iii) DaVita Singapore Pte Ltd

NTUC Income launched a joint venture in March 2019 with Davita Care Pte Ltd and NTUC Health Co-operative Limited to operate kidney dialysis centres in Singapore. The collaboration brings together one of the world’s largest healthcare providers in renal care, a community care provider and a local insurer to offer value-based and outcome-driven renal disease management in Singapore. The dialysis centres operated by the joint venture serve as NTUC Income’s preferred healthcare facilities, akin to its panel of private specialists. This initiative sees NTUC Income extend its role as payer to enabler in the healthcare ecosystem to influence healthcare consumption to ensure that healthcare and health insurance remain accessible and sustainable in Singapore.

FY2019 PERFORMANCE HIGHLIGHTS

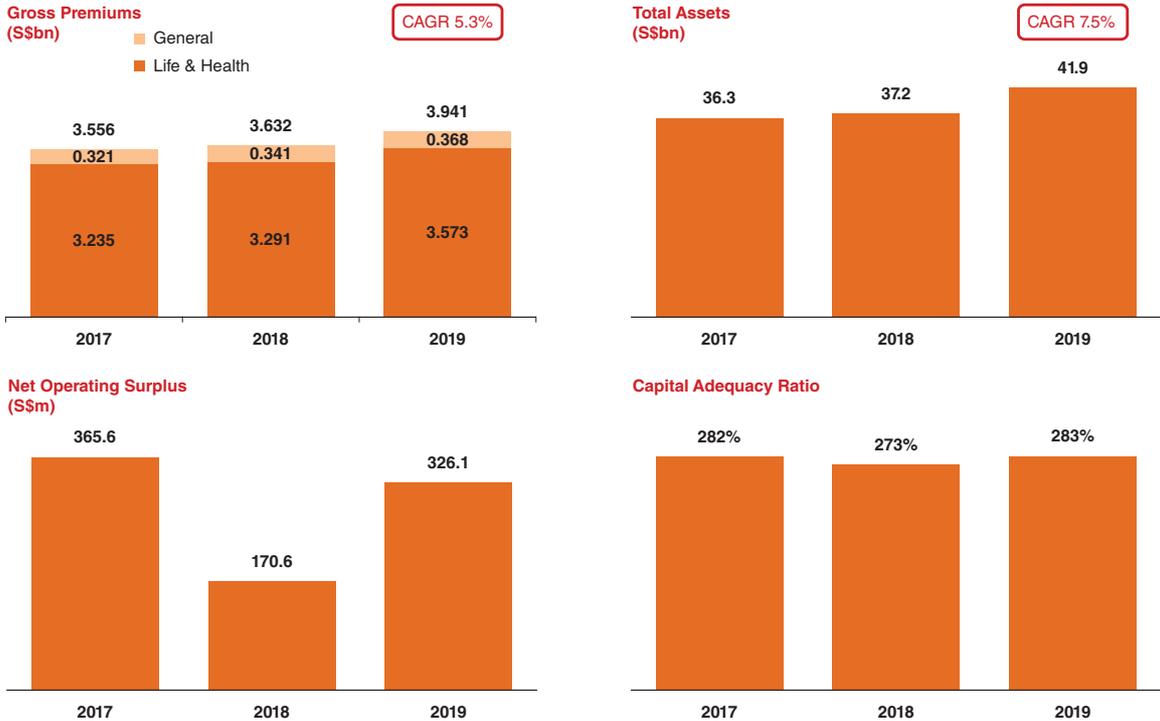
For FY2019, NTUC Income recorded a growth of 11.2% in weighted new business premiums despite the life insurance industry growing only 0.4%. NTUC Income also took the lead in general insurance in Singapore, with motor insurance maintaining a wide lead against other insurers. In addition, NTUC Income also continued to remain profitable despite the general insurance industry recording an underwriting loss of approximately S\$28 million in FY2019 (see “– *Overview of Singapore Insurance Sector*” for further details).

The key highlights of NTUC Income’s underlying insurance businesses for FY2019 are as follows:

- gross premium recorded strong growth by approximately 8.5% from S\$3.6 billion in FY2018 to S\$3.9 billion in FY2019, driven by good momentum in new business;

- net operating surplus increased approximately 91.1% from S\$170.6 million in FY2018 to S\$326.1 million in FY2019, driven by fair value gains, as well as, strong business growth across business lines;
- total assets increased 12.7% from S\$37.2 billion in FY2018 to S\$41.9 billion in FY2019, which was an all-time high driven by asset appreciation and business growth; and
- capital adequacy ratio remained healthy at 283%.

The charts below set out the key financial highlights of NTUC Income for FY2017 to FY2019.



NTUC Income is a composite insurer with a well-balanced business portfolio. For FY2019, NTUC Income’s gross premiums amounted to approximately S\$3.9 billion, of which approximately 46% consisted of new premiums and approximately 54% consisted of renewal premiums. In addition, life and health insurance products and general insurance products made up approximately 51% and 49% of NTUC Income’s weighted new premiums¹⁴, respectively, for FY2019.



¹⁴ Weighted new premiums measures premiums collected on new policies by taking into account (1) 10 per cent of the value of single premium products, (2) all of a year’s premiums for annual premium products, and (3) adjusted value for products with premium payment durations of less than 10 years.

Life and Health insurance

The total life and health insurance gross premiums that NTUC Income received grew by approximately 8.6% to approximately S\$3.6 billion in FY2019, driven mainly by new business premiums arising from both single and regular premiums. Such premiums from the life and health insurance business are booked into the Life Insurance Participating Fund, Life Non-Participating Fund and Investment Linked Fund.

General insurance

NTUC Income's general insurance business generated approximately S\$368.0 million in gross premiums in FY2019, which was approximately 7.9% higher than FY2018, driven by growth in the three business lines (motor insurance, commercial lines and personal lines). Motor insurance remained the key contributor of the general insurance business in FY2019 and increased by approximately 8.5% from FY2018 to approximately S\$262.8 million. NTUC Income maintained its position as one of the largest motor insurers in Singapore by growing its market share by premium and vehicle count to 24.5% and 27.0%, respectively, in FY2019. NTUC Income's commercial and personal lines of business also recorded a 10.2% and 4.5% growth, respectively, in FY2019 as compared to FY2018.

PRODUCTS

To serve the evolving needs of its customers, NTUC Income will continue to expand its broad, diversified product suite that is designed to respond to its wide-ranging customer base. It regularly develops and launches numerous new products across its multi-channel distribution platforms.

Key Product Lines

NTUC Income's business lines are categorised into consumer and corporate business segments. The consumer business segment comprises a suite of products and services that cover life, health, personal lines (motor, travel, maid and home insurance), as well as financial planning to meet the protection, savings and investment needs of individuals. The corporate business segment offers both commercial lines and group insurance, provides property and casualty products, as well as employee benefits insurance to corporate clients.

Set out below is a description of NTUC Income's key product lines.

Consumer Business

(i) Life Insurance

NTUC Income uses various channels to distribute its life insurance products such as tied financial advisors, retail financial services, financial advisory firms and bancassurance partners.

More recently, NTUC Income launched *Online Life* and *askSage*, its life insurance portal and digital adviser for life insurance, respectively, which constitutes the first integrated proposition offering the widest options of life insurance for direct purchase coupled with self-serve advisory services to its customers, thereby allowing its customers to be supported with digital assets that enable self-service of life insurance seamlessly from fact-finding, financial review to direct product identification, comparison and purchase. This marks a milestone in NTUC Income's push to become both a leading digital and multi-channel insurer in Singapore as it digitalises its core business lines across life, health and general insurance to offer customers choice and flexibility.

NTUC Income offers a wide variety of life insurance products across three principal categories: participating life insurance, non-participating life-insurance and investment-linked products.

(ii) Participating Life Insurance

NTUC Income's participating life insurance products encompass endowments and whole life products, which provide both savings benefits and insurance protection, as well as, the opportunity to participate in the investment returns of the participating fund as a supplement to the guaranteed benefits. The participating life insurance products, which are written in a participating fund that is distinct from the other assets of NTUC Income, typically have a guaranteed cash value and aim to provide a stable stream of returns to policyholders. Some of the endowments that NTUC Income offers also have features that provide regular cash pay-outs to customers to help them fund their retirement needs.

(iii) Non-Participating Life Insurance

NTUC Income's non-participating life insurance products are mainly term plans which provide basic and thematic protection and benefits, which do not participate in the returns of the non-participating fund. The policyholder has a guaranteed right to the benefit, which is not at the contractual discretion of NTUC Income. Such products provide, amongst others, protection for total and permanent disability and critical illnesses, female related illnesses, maternity risk and juvenile illnesses protection for a defined period. The sum assured under the insurance policy is paid to the beneficiary if death occurs during the period of coverage.

NTUC Income is also one of the two insurers in Singapore approved by the Central Provident Fund Board to administer the Dependents' Protection Scheme.

(iv) Investment-linked Products

NTUC Income's investment-linked products provide both investment returns and insurance protection where the policy benefits and pay-outs are linked to the value of underlying investments (including but not limited to collective investment schemes or internal investment pools). In relation to products offered by NTUC Income, the policyholder has the discretion on the choice of funds to invest in and the investment risk associated with such products is borne by the policyholder. Insurance coverage, investment and administration services are provided for which the charges are deducted from the policy value.

(v) Health Insurance

NTUC Income uses various distribution channels including Online Health to distribute its health insurance products such as its Integrated Shield Plan (IP), IncomeShield plans, Managed Healthcare Scheme, ElderShield Supplement and CareShield Supplement.

NTUC Income was also the first insurer in Singapore to offer IP digitally via Online Health, which provide customers with heightened accessibility, convenience and speed in which IP can be purchased, claimed and managed. More significantly, new customers with no pre-existing health conditions will enjoy instant approval of coverage within five-to-10 minutes of the application. Claiming a pre-and post-hospitalisation bill can also be completed in seconds by submitting a photo of the bill online.

To help customers understand the benefit of a private health insurance plan and to make informed decisions about purchasing IP, Online Health also offers scenario-based illustrations, as well as, easy-to-understand explainers on common health insurance terms.

NTUC Income is one of the seven insurers in Singapore to offer Medisave-approved IP and one of the three insurers approved to offer ElderShield and CareShield supplement in Singapore.

Online Health was designed to provide customers exploring NTUC Income's health insurance plans with a convenient platform to assess their needs, purchase their health insurance and make changes to their health insurance plan online. Customers are also able to submit their pre-and post-hospitalisation claims through the portal.

(vi) Motor Insurance

NTUC Income was one of the largest motor insurers in Singapore with a market share of 24.5% in FY2019¹⁵. NTUC Income's products include private car, commercial vehicle, private hires, motorcycle, bus and fleet insurance. NTUC Income aims to provide value-for-money products to its customers and remain profitable in this competitive market. NTUC Income's motor business has been profitable from FY2017 to FY2019. NTUC Income has established the Orange Force accident response team and its motor service centre to complement its private motor insurance products by serving as a one-stop depot that provides NTUC Income's motor insurance policyholders services that range from accident reporting to vehicle repair.

NTUC Income's motor products are mainly distributed by corporate agents and brokers channels, as well as directly distributed by its retail financial services, telesales and online platforms.

(vii) Personal Lines

NTUC Income offers a suite of personal line products that include Travel, Personal Accident, Home, Domestic Helper and Golfer insurances. The products are distributed over a variety of channels that include travel agencies, maid agencies, agents, brokers, banks and direct channels such as telesales. In 2011, NTUC Income launched its mobile application, on the iPhone operating system for purchasing travel insurance on-the-go.

The profitability and economics of the personal lines business remains positive and NTUC Income has plans to expand this area of business.

Corporate Business

(i) Group Insurance

NTUC Income offers a suite of group insurance, including group term life, group hospital and surgical plans, group personal accident, group critical illness, group outpatient benefits and various other riders for both employees and their dependents. Group insurance is distributed by brokers, tied financial advisors, general insurance agents, banks, as well as financial advisors. In April 2020, NTUC Income collaborated with the SME banking division of DBS Bank Ltd. to market its group employee benefits insurance to DBS Bank Ltd.'s SME banking sector. In the second half of 2019, the group insurance business launched the group care services, a mobile application for employees of its group business. Through the mobile application, employees of its group business are able to, amongst others, access their insurance plans, request for letters of guarantee for hospitalisation and submit their insurance claims. In addition, there is a "live" chat function that allows employees to chat with NTUC Income's representative 24/7 about any of their insurance-related services.

¹⁵ Source: Life Insurance Association market share results for FY2019

(ii) Commercial Lines

NTUC Income offers a wide range of commercial insurance, including fire, marine cargo, business insurance, work injury compensation and liability insurance. Its strategy is to focus on profitable segments of the market, in particular the SME segment, by offering attractive products in terms of both pricing and coverage.

NTUC Income is well supported by intermediaries such as agents and brokers. The key to the support is the close relationship that its staff has with the intermediaries, the flexibility in customising the coverage according to customers' needs, as well as its stable and consistent underwriting policies. Moving forward, NTUC Income is diversifying to partner with financial institutions and SMEs to offer its insurance products via an online platform. These two strategies will strengthen NTUC Income's position in the SME segment.

The commercial insurance business is supported by diversified and financially sound reinsurance partners who are carefully selected to ensure that NTUC Income manages its counterparty's risk. There is a strict monitoring process whereby only reinsurers with no less than Standard & Poor's ratings of A-are selected and the counterparty exposures are monitored quarterly.

The demand for commercial lines insurance is closely linked to the health of the economy. Any economic slowdown is likely to impact business volumes. Insurance businesses such as construction and marine are particularly vulnerable to economic volatility.

While profitability of the business is paramount, NTUC Income adopts a prudent liability management approach to ensure that the profitability is balanced with growth in its commercial line of business in order to be a dominant and influential insurer in the crowded commercial lines market.

Value-added Services

NTUC Income adopts a holistic approach to health and launched Orange Health, a health and fitness programme that rewards those who are insured by IncomeShield when they clock sufficient sleep, in addition to pursuing a healthy diet and active lifestyle. To foster healthier food choices and physical activities, Orange Health makes it easy and convenient for users to make healthier decisions with its easy-to-use mobile application and its wide range of partners. By rewarding people who make deliberate choices that positively impact their health, NTUC Income aims to help Singaporeans establish good lifelong healthy habits.

NTUC Income offers Adviser Connect, the first-of-its-kind digital platform that makes financial advice accessible by enabling a customer to initiate a conversation online and interact directly with NTUC Income's financial advisor anytime and anywhere, while remaining anonymous. The customer can then decide to meet the advisor personally and pursue the conversation, if preferred.

The Orange Force, NTUC Income's 24/7 accident response team, was launched in October 2011 to provide accident assistance, anytime, anywhere and is part of NTUC Income's commitment to providing an unprecedented level of customer service to its policyholders. To assist policyholders who are often in a state of stress and anxiety after a motor accident, Orange Force Riders will arrive at accident scenes to render help anytime and anywhere on the island. Orange Force receives an average of 450 compliments annually from its users.

In FY2019, the NTUC Income Orange Force riders assisted 8,800 motorists at accident scenes and for the fourth consecutive year, Orange Force was conferred the "Company Award" and "Safe Driver Award" for the Motorcycle Fleet category by the Singapore Road Safety Council in 2019.

Orange Force will:

- advise their policyholders;
- ensure their safety at the accident scene;
- assist in removing their vehicles if necessary;
- arrange alternative transportation; and
- ensure policyholders' interests are protected.

In addition, NTUC Income also launched the mobile application, "Accident Reporting by Income", to empower those who are hard-pressed for time to report a motor accident within 24 hours of the accident as required by the motor claims framework. In FY2019, the mobile application saw over 56% more incremental downloads compared to FY2018.

INVESTMENTS

NTUC Income invest the premiums and other income generated for its underlying insurance business in accordance with its investment strategy established by NTUC Income's Investment Committee ("IC").

The IC, which consists of seven members including the Chief Executive Officer ("CEO"), Chief Investment Officer and Appointed Actuary, provides oversight to the investment function of NTUC Income. The IC assists the Board in ensuring that NTUC Income's investment activities are managed in a prudent manner. Please see the section "*Directors of the Issuer – Board Committees – Investment Committee*" for further information.

The investment goal of NTUC Income is to achieve long-term rates of return that meet policyholders' and shareholders' reasonable expectations. NTUC Income believes that long-term sustainable performance can be achieved by capturing multiple sources of returns through prudent diversification across asset classes, geographical regions, active management strategies and investment styles.

NTUC Income's investment strategy is guided by:

- (i) expected return to meet the guaranteed liabilities for each insurance fund and policyholders' and shareholders' reasonable expected return;
- (ii) NTUC Income's overall risk appetite;
- (iii) return on shareholder's capital; and
- (iv) expected returns and correlation of various asset classes NTUC Income is invested in.

NTUC Income diversifies its investments broadly through multi-asset and multi-manager strategies. This includes investments in high-quality bonds including government and statutory board securities, public equities, real estate, private equity and infrastructure assets that enhance diversification and improve the overall risk-return characteristics of the investment portfolio. In this regard, NTUC Income's investment portfolio is managed through a three-pronged approach as indicated below:

- (i) Fullerton, NTUC Income's strategic partner in which NTUC Income has a 49.0% stake, manages a substantial part of NTUC Income's investment portfolio;

- (ii) Mercatus Strategic Investment Management (“**Mercatus**”), a subsidiary of NTUC Enterprise, manages NTUC Income’s real estate assets; and
- (iii) other external managers who are employed to complement Fullerton’s and Mercatus’ capabilities whenever it is deemed appropriate.

NTUC Income’s asset allocation strategy consists of three levels of allocation decisions namely, strategic asset allocation (“**SAA**”), medium-term allocation (“**MTA**”) and tactical asset allocation (“**TAA**”).

- The SAA strategy is the long-term asset allocation strategy. It consists of four broad asset classes namely, government bonds, corporate bonds, public equities and alternatives, which are reviewed and approved on an annual basis or on a more frequent basis as necessary. The Board approves the broad asset classes of NTUC Income’s investment portfolio, the related foreign currency exposures, the SAA target and allowable ranges. Furthermore, in view of long-term liabilities, NTUC Income is prepared to hold investments long-term to harvest the illiquidity and term risk premium that are typically embedded in long-duration assets.
- The MTA strategy is driven by market conditions and investment outlook over the medium term of three to five years. It is formulated and approved by the IC with delegated authority from the Board. It consists of more granular asset classes than those in the SAA and the IC can take a view to deviate the MTA from the SAA to position NTUC Income’s investment portfolio in a manner that expresses its medium term outlook. In addition, the IC also approves the asset classes’ respective ranges. The MTA target also serves as the neutral benchmark weight for performance measurement. MTA is reviewed by the IC on an annual basis or on a more frequent basis as necessary.
- The TAA strategy is the shorter-term strategy that adds value by changing (or tilting) market exposure of the various asset classes away from the MTA target, and is overseen by NTUC Income’s management team. These tactical tilts fall within the upper and lower boundaries of the MTA/TAA allowable ranges.

Approximately 60% of the total assets are invested in government and corporate bonds while the rest is largely invested in public equities, funds and properties. The corporate bonds portfolio mainly consists of fixed income securities issued by Singapore statutory boards and a diversified mix of corporations that have investment-grade ratings. The public equities and alternatives portfolios consist of investments that are well diversified across countries and sectors. The breakdown of total assets out below.

(\$ m)	Life Par	Life Non-Par	Investment-Linked	General Insurance	Shareholders’ Fund	Total
Cash & Cash Equivalents	415	126	55	46	34	676
Investment Properties	1,954	–	–	–	–	1,954
Other Financial Assets						
– Equities	4,978	1	712	–	159	5,850
– Funds	2,972	472	1,280	365	296	5,385
– Debt securities	18,910	3,145	428	981	658	24,122
Others	1,766	1,677	37	83	389	3,952
Total	30,995	5,421	2,512	1,475	1,536	41,939

As a long-term investor with a commitment to deliver positive social impact, NTUC Income supports the concept of responsible investment to drive a positive impact through environment, social and corporate governance (“**ESG**”) factors. NTUC Income believes that the ESG principles can be an effective tool to manage investment risks and generate long-term sustainable returns. NTUC Income seeks to encourage its investment personnel and external fund managers to exercise due diligence in the aspect of ESG, whenever appropriate and possible, when assessing and monitoring investments.

RISK MANAGEMENT

Overview

Risk management is a key element of NTUC Income’s corporate management.

The risk management strategy, as formulated by the Risk Management Committee (“**RMC**”) and approved by the Board, serves to ensure that the risk management framework, policies, processes and controls are in place to identify, assess and manage material risks consistently across all business activities and support decision making. NTUC Income has a comprehensive risk management framework to ensure key risks are identified, controlled or mitigated. Please see the section “*Directors of the Issuer – Board Committees – Risk Management Committee*” for further information on the roles and responsibilities of the RMC.

Risk Management Principles

Risk is defined by NTUC Income as events which have a range of probable outcomes, some of which have a negative impact on the organisation. Risk is a key part of NTUC Income’s business and the objective of risk management is to ensure that these risks are properly identified, assessed, managed, controlled, monitored or mitigated, so as to safeguard NTUC Income’s financial strength and business continuity, as well as enable it to fulfil its obligations to its customers and stakeholders. NTUC Income’s strategy is tailored to its organisation and business structure to ensure that it is relevant and effective. Review of the risk management framework is performed regularly to ensure that it remains fit for purpose and provides the safeguards and assurances that the business is soundly run. Under the risk management framework, risks are classified under six broad categories which are considered to be most central to NTUC Income’s business as follows:

1. Market Risk
2. Insurance Risk
3. Credit Risk
4. Liquidity Risk
5. Operational Risk
6. Reputational Risk

(i) Market Risk

Market risk is the risk to NTUC Income’s financial condition arising from adverse movements in the level or volatility of asset market prices and long-term investment performance. This risk is managed through the confluence of asset and liability management strategies, including the monthly monitoring of asset and liability cash flows and the capital budgeting framework which allocates the available risk capital to the various risk categories in a manner

consistent with the overall risk appetite of NTUC Income. Furthermore, the Group regularly monitors its exposure to different asset classes to satisfy itself that its exposure to equities, debt securities, and other risk assets are within the Group's self-imposed risk tolerance limits. For more details of the Group's exposure to market risk and its management of market risk, please refer to Note 4 in the Group's audited consolidated financial statements for the year ended 31 December 2019, included in this Offering Circular and beginning on page F-1.

NTUC Income also mitigates the potential foreign currency risks arising from its investment in financial assets through hedging. The potential foreign currency risks arising from the investment in foreign currency denominated securities are managed using foreign exchange forward contracts and cross currency swaps.

In addition, NTUC Income adopts a rigorous and dynamic Asset Liability Management ("ALM") approach that drives NTUC Income's SAA. The ALM approach and SAA are formulated by the IC and approved by the Board. The ALM process does not focus only on addressing the interest rate risk of NTUC Income's assets and liabilities. It also adopts a 'balance sheet approach' which takes into consideration NTUC Income's liability requirements and liquidity needs, and is supported by well-articulated risk appetite boundaries to achieve NTUC Income's long-term return objectives.

Studies are conducted annually to determine the optimal SAA to be adopted by NTUC Income. A range of financial models, such as short-rate models and multi-factor models, is used to develop stochastic economic scenarios. The optimal SAA is chosen as the portfolio that generates the highest return while staying within all risk limits.

(ii) Insurance Risk

Insurance risk refers to the uncertainty of claim payment upon a contingent, uncontrollable event, in return for a premium. The assumption of insurance risk to earn an economic profit is NTUC Income's core business. This risk is managed through the product pricing process, the subsequent ongoing review of profitability of the products currently available for sale, and the policies relating to underwriting, claims management and reinsurance. Furthermore, the capital budgeting framework will allocate an overall risk capital to insurance risk that is consistent with NTUC Income's risk appetite and the risk exposure is monitored against these limits as part of NTUC Income's overall Enterprise Risk Management framework. The insurance risk policy sets out the types of risks that are acceptable to NTUC Income, the limits of its retention and how new risks are to be evaluated and approved. For more details of the Group's exposure to insurance risk and its management of insurance risk, please refer to Note 4 in the Group's audited consolidated financial statements for the year ended 31 December 2019, included in this Offering Circular and beginning on page F-1.

(iii) Credit Risk

Credit risk is the risk of default by borrowers and transactional counterparties as well as the loss of value of financial assets due to deterioration in credit quality of the obligors. The credit risk management policy puts in place a robust process of rating to be applied to credit exposures. Each credit is rated and assigned a limit which will be aggregated and monitored across different sources of credit risk. Limits are set according to NTUC Income's evaluation of the credit worthiness of each credit. Limits are set according to NTUC Income's evaluation of the credit worthiness of each credit. For more details of the Group's exposure to credit risk and its management of credit risk, please refer to Note 4 in the Group's audited consolidated financial statements for the year ended 31 December 2019, included in this Offering Circular and beginning on page F-1.

(iv) Liquidity Risk

Liquidity Risk is the risk arising from the inability to meet financial obligations as they fall due without incurring unacceptable costs or losses. This risk is managed through the monthly monitoring of liquidity risk indicators at sub fund level which includes separate monitoring for the shareholders owned funds, the par fund as well as the various index linked funds. Additionally, there is close monitoring of asset and liability cash flows to highlight any cash flow shortfalls. For more details of the Group's exposure to liquidity risk and its management of liquidity risk, please refer to Note 4 in the Group's audited consolidated financial statements for the year ended 31 December 2019, included in this Offering Circular and beginning on page F-1.

(v) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. They are managed through:

- establishing and executing enterprise-wide risk management strategies for specific operational risks that could materially impact NTUC Income's ability to do business or impact its reputation;
- risk and control self-assessment – heads of business units and/or, among others, appointed representatives are accountable for the day-to-day management of the operational risks inherent in NTUC Income's operations. Such persons identify and assess key risks and controls, and design controls and action plans to manage operational risks as part of their overall portfolio of risks to achieve an effective internal controls environment;
- using appropriate operational risk management tools, methodology and mitigation strategies to identify, assess and monitor key operational risk exposures; and
- risk reviews being conducted by the RMC on specific areas of concern to identify areas for improvement and to close gaps or weaknesses.

In particular, there are policies, processes and controls in place to (i) protect NTUC Income from risks associated with money laundering and terrorist financing and these include regular monitoring and screening activities, (ii) protect the customers, business and other related third parties from fraud risks and (iii) manage cyber risks and technology risks relating to data loss/leakage, system security vulnerabilities, system breakdown and availability, privileged access misuse and technology obsolescence.

(vi) Reputational Risk

NTUC Income's business relies on its reputation and the trust that its policyholders place in it for their financial security. NTUC Income is committed to continue earning this trust by reinforcing fair and ethical practices, supported by strong compliance and corporate governance structures and processes. NTUC Income has risk management policies in place for each of its core business processes, including underwriting, claims, reinsurance and product pricing. Each risk policy is assigned to an owner who is accountable for ongoing compliance with the policy. All risk policies are subject to an annual review, with the final approval given by the Board.

Risk is managed within NTUC Income using the three lines of defence model, including the various business units, risk management and compliance unit and internal audit unit. NTUC Income's various business units constitute the Group's first line of defence in risk management and they are responsible for the day-to-day management and control of risks.

NTUC Income's risk management and compliance unit constitutes the Group's second line of defence in risk management and it has oversight of and provides guidance on its risk management framework and is responsible for monitoring and reporting risks. The internal audit unit constitutes NTUC Income's third line of defence and provides independent assurance in relation to the risk faced by the Group.

CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

The Group's capital policy is to ensure capital efficiency and the ability to self-generate sufficient level of surpluses within each fund to support existing and on-going development. The Group's capital management framework is to ensure the use of capital and generation of surplus through steering of the bonus distribution strategy, investment strategy, product pricing and development and risk management. Overall, it is pertinent to ensure that products are priced at a profitable basis to self-generate surpluses and bolster capital. To ensure this, minimum pricing standards have been set.

The Co-operative is required to comply with the regulatory capital requirement prescribed in the Insurance (Valuation and Capital) Regulations 2004 under the Insurance Act. Under the current Risk-based Capital Framework regulation set by MAS ("**RBC2**"), which was effective on 31 March 2020, insurance companies are required to satisfy a minimum capital adequacy ratio of 100%. 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 to define more specifically the MAS's supervisory approach with respect to the solvency intervention levels. The MAS has also stated that the objective of RBC 2 is 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, MAS concluded the RBC 2 review by issuing the Insurance (Valuation and Capital) (Amendment) Regulations 2020 and the MAS Notice 133 – "*Notice on Valuation and Capital Framework for Insurers*" ("**MAS Notice 133**"). The Insurance (Valuation and Capital) (Amendment) Regulations 2020 and the MAS Notice 133 have come into effect on 31 March 2020, which together, specify fund solvency requirements and capital adequacy requirements for a licensed insurer. Please refer to "*Supervision and Regulation – Paid-up Capital Requirement, Fund Solvency Requirement and Capital Adequacy Requirement*" for further details. Further impact on the financial results of the Group may occur as its insurance subsidiaries continue to take asset-liability management actions permissible under the RBC 2 framework. This impact remains uncertain depending on the movements in interest rates and credit spreads.

Furthermore, pursuant to section 18(4) of the Insurance Act, the MAS may by notice in writing, if it considers it appropriate in the particular circumstances of a licensed insurer having regard to the risks arising from the activities of the insurer and such other factors as the MAS considers relevant, direct that the insurer satisfy fund solvency requirements or capital adequacy requirements other than those that the insurer is required to maintain under section 18 of the Insurance Act. In the Consultation Paper on Review of Risk-Based Capital Framework for Insurers in Singapore – Third Consultation, MAS stated, in clarifying MAS' expectation of the additional capital buffer that insurers would have to maintain, that under RBC2, additional capital requirements imposed on systemically important insurers will still be relevant, but additional capital requirements imposed as a result of limitations in the RBC1 framework or deficiencies in an insurer's risk management and internal controls are not expected to be significant. Currently, there have not been any insurers in Singapore, which have been publicly designated by the MAS as systemically significant insurers.

As at 31 March 2020, the RBC2 capital adequacy ratio for NTUC Income was 202%. This is represented by available financial resources of approximately S\$11.8 billion and prescribed capital requirements of S\$5.9 billion. NTUC Income thus has a healthy capital position and has sufficient financial resources well above the capital requirements under RBC2.

CUSTOMER SERVICE

NTUC Income provides its range of services to its customers through a multi-channel support offering, giving customers more flexibility and choices. In line with its social goal to make insurance accessible to Singaporeans from all strata of society, its seven main branches are strategically diversified and located near major transport networks and population catchments to reach the masses. Apart from physical branches and call centre services, customers can access the digital self-service portal “me@income” to view their policy information, check payments, submit life insurance claims and also buy products online. As one of the largest motor insurers in Singapore, policyholders can count on NTUC Income’s Orange Force to provide 24/7 accident assistance, anytime, anywhere. Orange Force riders are specially trained to manage situation of stress and anxiety at motor accident scenes. They are able to advise policyholders, ensure their safety at the scene, assist in removing their vehicles if necessary, arrange alternative transportation and ensure that their rights are fully protected.

EXECUTIVE COMMITTEE

The Executive Committee is a management committee constituted by the CEO whose purpose is to execute the strategy that has been approved by the Board. This includes management of all aspects of the organisation, including managing costs, people, revenue, and risks and controls.

The Executive Committee is made up of (i) Consumer Business Executive Committee, (ii) Corporate Business Executive Committee, (iii) Risk and Investment Committee and (iv) Conduct Committee.

The Consumer and Corporate Business Executive Committees are responsible for managing NTUC Income’s life, health and general insurance business lines to deliver the key performance indicators established as part of the annual planning process, focusing on NTUC Income’s consumer and corporate customers respectively. This includes management of the whole value chain from product development and pricing, to underwriting, marketing, sales, distribution, operations and claims. The Consumer and Corporate Business Executive Committees also review the development, pricing and sale of products, in order to ensure that they comply with regulatory requirements.

The Risk and Investment Committee is responsible for reviewing NTUC Income’s risk management framework, investment framework and strategy.

The Conduct Committee is responsible for managing key aspects of conduct, including complaint handling, discipline relating to conduct, implementation of NTUC Income’s honest insurance philosophy and, in particular, ensuring delivery of fair dealing outcomes to customers.

EMPLOYEES

NTUC Income’s policy is to remunerate its employees at competitive and appropriate levels, commensurate with their performance and contributions. It seeks to attract, motivate, reward and retain quality employees and foster a performance-oriented culture across the organisation. The total compensation package for employees comprises basic salary, fixed and variable bonuses, as well as other staff benefits. The approximate mix of remuneration of fixed and variable bonuses is 85%-15% for employees and managers. For senior management, the approximate mix is about 53%-47%. In addition, a retention plan is provided to eligible senior management members. NTUC Income regularly reviews its compensation and benefits package against market benchmarks and makes the necessary adjustments in order to ensure that its remuneration packages are competitive with the market.

At the end of FY2019, NTUC Income had over 1,800 employees.

CHANGES IN FINANCIAL REPORTING STANDARDS

The changes in financial reporting standards on or after 1 January 2020 that are relevant to Income is FRS117 *Insurance Contracts* and FRS109 *Financial Instruments*. FRS 117 is effective for the years beginning on or after 1 January 2021 at the time the accounting standard was issued (currently deferred to 1 January 2023), and is to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace FRS 104 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements.

NTUC Income has decided to apply for temporary exemption from FRS 109, which is permitted under the Amendments to FRS 104 *Insurance Contracts* and to defer its implementation of FRS 109 until FRS 117 *Insurance Contracts* that replaces FRS 104 is effective. The Group assessed that it qualifies for the temporary exemption as the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant compared to the total carrying amount of all its liabilities and that the total carrying amount of its liabilities connected with insurance is above 90% of its total liabilities as at 31 December 2015. As there were no changes in the Group's activities after this date, no reassessment was required at the end of subsequent reporting year-ends.

LEGAL AND COMPLIANCE

Compliance

NTUC Income has policies and procedures to manage compliance risks and address regulatory requirements and other compliance obligations. There is a centralised compliance department that sets compliance policies for NTUC Income and supervises its overall compliance function. NTUC Income has dedicated compliance personnel to address applicable regulatory requirements and market conduct risks. Its compliance personnel report directly to NTUC Income's Head of Compliance, who reports directly to the CEO.

Legal Proceedings

NTUC Income is a party to legal actions arising out of its normal business operations, including as plaintiff and defendant in arbitration and litigation matters relating to contested insurance claims. While it cannot predict the outcome or impact of any pending or future arbitration or litigation proceedings, it does not believe that any pending arbitration or litigation proceedings will have a material adverse effect on its business, financial condition or results of operations.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

NTUC Income is committed to delivering positive social impact through its products, services and people. This has remained its business imperative since its founding in 1970 and it continues to ensure that essential insurance remains accessible, affordable and sustainable for all walks of society, including the underserved and less privileged in the society, by serving and supporting the financial and protection needs of over two million people as one of Singapore's leading composite insurer. To ensure that NTUC Income remains grounded on delivering a positive social impact in the community that it serves, NTUC Income scores its annual corporate performance on social impact achievements, in addition to its business results. To sharpen its social remit, NTUC Income is embarking on the Environment, Social and Governance ("ESG") framework to embed ESG criteria in its way of business and to track performance as part of its annual social impact scorecard.

Making Insurance Accessible

NTUC Income provides special care products which plug the protection gaps of individuals with special needs through its SpecialCare (Autism) and SpecialCare (Down syndrome) insurance policies. Such policies protect children and youths with special needs against personal accident, covering medical expenses due to accident and infectious diseases. These insurance innovations remain industry-first today.

NTUC Income also offers tangible support to families-in-need via IFMIS, a free insurance scheme for low-income families with young children studying at NTUC First Campus' My First Skool and those receiving financial assistance from the Ministry of Education for primary schools. The scheme, which benefits close to 29,000 low-income individuals, offers a pay-out of S\$5,000 in the unfortunate event that the insured passes away or suffers total and permanent disability.

In response to Singapore's growing gig economy, NTUC Income's PML insurance plans helps mitigate loss of income, particularly during long periods of illness or hospitalisation for self-employed persons. More significantly, the plans offer pay-out on top of other insurance plans and apply the same premium rate regardless of occupations.

NTUC Income has also reimagined access to critical illness protection for those who require flexible cash flow to see to other financial commitments with its stackable-insurance proposition, CIPPT. In collaboration with GrabInsure Insurance Agency (S) Pte. Ltd., CIPPT is the first of its kind in Southeast Asia, offering Grab driver-partners a unique option to pay premiums on a per trip basis. For as low as \$0.10 per trip completed, Grab driver-partners can accumulate insurance coverage of up to a sum assured of S\$200,000 for 360 days in the event that the insured is diagnosed with a critical illness covered under CIPPT.

Scaling the proposition of micro-premiums and stackable insurance coverage, NTUC Income launched SNACK, a proposition that is designed around its customers' lifestyle by offering customers stackable micro-policies in term life, critical illness and personal accident insurance. Each micro-policy's bite-sized premiums start from as low as \$0.30, and are issued to customers in real-time as customers embark on their preferred lifestyle activities.

Through partnerships with EZ-link, Fitbit and Burpple, customers can accumulate insurance coverage on the SNACK mobile app each time they pay for their public transport using their EZ-link card, clock 5,000 steps a day on their Fitbit or redeem a dining/takeaway deal on Burpple Beyond. To make insurance more accessible via SNACK, NTUC Income intends to work with new partners in Singapore on this first-of-its-kind insurance model to enable more lifestyle category triggers, which may include retail, entertainment and groceries, such that purchasing insurance and obtaining coverage will be seamlessly integrated with the daily activities that consumers engage in. Through SNACK, NTUC Income also looks to enhance its insurance offerings to meet diverse financial and protection needs.

As Singapore demographics shift towards an ageing population, where longer life expectancies and higher incidence of chronic disease can be expected, there will be a greater need for insurance protection for the seniors (above 50 years old). NTUC Income recalibrated traditional underwriting requirements to address seniors' pain points about tedious health underwriting requirements and broad scope of disclosure by offering a senior-focused health underwriting questionnaire and has made life and critical illness coverage accessible to individuals above 50 years old. The recalibrated health underwriting questionnaire drove 30% more policy submissions by seniors in 2019. This is to meet the protection and financial needs of Singapore's growing silver population in view of longer life expectancy in Singapore.

Empowering the Needy

To support the less fortunate, NTUC Income gives back to the society by offering financial aid and volunteering its time. NTUC Income also extend its influence to its policyholders and donors so that they can contribute to community causes. Examples of such activities and financial aid that NTUC Income undertook in FY2019 are as follows:

- NTUC Income donated 1.0% of insurance operating profits to community development initiatives through like-minded partners;
- NTUC Income contributed S\$1.5 million to low-income union members via the Labour Movement and NTUC U Care Fund;
- OrangeAid Future Development Alumni Programme – the alumni programme comprises a coaching and facilitator training programme to help broaden the career horizons of beneficiaries;
- NTUC Income contributed close to 3,000 staff volunteer hours and over 900 staff participated in 'Income Gives Back', its annual organisation-wide staff volunteering initiative, which supports diverse community causes that range from engaging the elderly at community hospitals, distributing food to the underprivileged and organising enrichment activities for residents at the Institute of Mental Health;
- NTUC Income raised over S\$370,000 for Income OrangeAid; and
- NTUC Income continued to champion education for youth-in-need via the NTUC Income's FDP by offering S\$1.02 million in bursaries to 400 students from low-income households. Since its launch in 2015, the FDP has disbursed 1,800 bursaries worth S\$4.5 million, to support underprivileged youths in their school fees and living expenses.

DIRECTORS OF THE ISSUER

The board of directors (“**Board**”) exercises stewardship in directing NTUC Income towards achieving its objectives. It ensures that NTUC Income adopts sound corporate governance practices, complies with applicable laws and regulations, and has the necessary measures in place to achieve its objectives. It monitors management performance and emphasises professionalism and honesty in all dealings, and at all levels in the organisation so as to sustain NTUC Income’s standing, image and reputation.

The Board oversees the affairs of NTUC Income, including setting its strategic direction and long-term goals, and reviewing its performance. The principal duties of the Board include:

- approving broad policies, strategies and objectives of the organisation;
- monitoring management performance, including the implementation of strategies, policies and business results;
- approving annual budgets (capital and operating), major fund proposals, and investment and divestment proposals;
- overseeing investment management including approval of investment policy and strategy;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- overseeing talent acquisition, development and retention, including compensation policies and succession planning; and
- assuming responsibility for corporate governance including reviewing the code of conduct and standards of business practice;

Matters which require specific Board’s approval or endorsement include, but are not limited to, the following:

- investments, risks, capital expenditure, borrowings, forgiveness of debts and loan write-offs exceeding delegated limits;
- material acquisition and disposal of assets;
- bonus declaration to policyholders;
- share issuance and dividend declaration;
- amendments to the By-laws;
- appointment of directors and key executives;
- every transaction with a related party;
- opening of bank accounts and authorised signatories to operate the accounts;
- authorised signatories for documents executed under common seal; and
- any other matter as required under NTUC Income’s by-laws and applicable laws and regulations.

BOARD OF DIRECTORS

The Board comprises 10 members as follows:

Name	Title
Mr Ronald Ong	Chairman
Mr Kee Teck Koon	Deputy Chairman
Mr Choong Tuck Oon	Director
Ms Joy Tan	Director
Ms Pang Wai Yin	Director
Ms Sim Hwee Hoon	Director
Ms Neo Chin	Director
Mr Vincent Lien	Director
Mr Robert Charles	Director
Mr Mak Keat Meng	Director

Ronald Ong ***Chairman***

Mr Ronald Ong was co-opted to the Board on 23 August 2018 and formally elected as director representing the Founder Member on 24 May 2019. He was appointed as the Chairman of the Board on 1 January 2019.

Mr Ong is the Chairman and CEO, SE Asia, at Morgan Stanley. He has been with Morgan Stanley for 20 years and has over 30 years of experience as a banker with substantial experience in mergers and acquisitions and financing as well as extensive client relationships in Singapore, Malaysia, Indonesia and Thailand.

Mr Ong is also a board member of NTUC FairPrice Co-operative Limited (“**NTUC FairPrice**”), a member of the Advisory Board of the Sim Kee Boon Institute for Financial Economics, Singapore Management University (“**SMU**”) and a member of the Listings Advisory Committee, Singapore Stock Exchange.

Mr Ong graduated with a Bachelor of Business Administration from the University of Singapore in 1980 and was a Naval Officer with the Republic of Singapore Navy.

Kee Teck Koon ***Deputy Chairman***

Kee Teck Koon was first elected to the Board on 3 June 2014 and last re-elected as Director representing the Founder Member on 26 June 2020. He is the Deputy Chairman of the Board and a member of the IC, NC and HRRC (each as defined herein).

Mr Kee is currently the Director and Board Advisor of NTUC Enterprise Co-operative Limited, the holding entity of NTUC FairPrice Group, NTUC Income, NTUC Health Co-operative Limited and four other social enterprises. He holds directorships in, among others, Raffles Medical Group Ltd, Capitaland Limited and NTUC Fairprice Co-operative Limited. He is also a member of the Angsana Fund Investment Committee and Singapore Labour Foundation.

Mr Kee started his career in 1979 with the Singapore Armed Forces and was with the Ministry of Defence until 1991. Thereafter he held senior management appointments with several organisations before joining the Capitaland Group in 2003. After holding several senior positions, he retired as the Chief Investment Officer of CapitaLand Limited in July 2009.

Mr Kee holds a Master of Arts from Oxford University.

Choong Tuck Oon
Director

Mr Choong Tuck Oon was first elected to the Board on 23 May 2012 and last re-elected as director representing the Ordinary Members on 25 May 2018. He is the Chairman of the DTC (as defined herein) and a member of the RMC (as defined herein).

Mr Choong was with Accenture for more than 20 years until his retirement as Senior Partner in the Financial Services Asia-Pacific practice. He has led strategy, transformation and technology initiatives for more than 20 regional and global banks and insurance companies in Singapore and Asia-Pacific. Mr Choong was also involved in global non-governmental organisation activities.

Mr Choong also previously held independent non-executive director positions in commercial banks, Islamic bank, private equity firm and stockbroking firm in the region. His current interests are in digital start-ups, e-commerce and fintech, and he mentors and advises start-ups under various incubators and accelerators in Singapore.

Mr Choong holds a Bachelor of Science degree (First Class Honours) from the University of Malaya, a Master of Science degree from the Asian Institute of Technology and Executive Diploma in Directorship from SMU.

Joy Tan
Director

Ms Joy Tan was first elected to the Board on 26 May 2017 and last re-elected as director representing the Founder Member on 26 June 2020. She is a member of the AC (as defined herein), NC, and HRRC. Ms Tan is also the lead independent director on the Board.

At WongPartnership LLP, Ms Tan is the Joint Head of the Commercial & Corporate Disputes Practice, the Corporate Governance & Compliance Practice and the Financial Services Regulatory Practice. She is a Fellow of the Chartered Institute of Arbitrators, and sits on the panels of various professional tribunals, including the panel of arbitrators of the Singapore International Arbitration Centre, the Law Society Disciplinary Tribunal appointed by the Honourable Chief Justice under the Legal Profession Act, and the Complaints and Disciplinary Tribunal of the Accounting & Corporate Regulatory Authority. She also sits on the Executive Board of the Singapore Chapter of the Association of Certified Anti-Money Laundering Specialists.

Ms Tan is a director and a member of the Audit Committee and Risk Committee of Singapore Health Services Pte Ltd, as well as an independent director of PEC Limited. Ms Tan also sits on the first Audit and Risk Management Committee of Tripartite Alliance Limited, the tripartite body established by the Government, unions and employers to promote the adoption of fair, responsible and progressive employment practices in Singapore.

In the not-for-profit sector, Ms Tan is the Chair of the Board of the Singapore Repertory Theatre, and is a director of the Singapore Chinese Cultural Centre.

Ms Tan graduated with First Class Honours from Cambridge University. In 1992, she was awarded the UK Council of Legal Education Prize at the Non-Vocational Bar Exam.

Pang Wai Yin

Director

Ms Pang Wai Yin was first elected to the Board on 26 May 2017 and last re-elected as director representing the Institutional Members¹ on 26 June 2020. She is the Chairperson of the RMC and a member of the AC.

Ms Pang's prior experience included six years of external audit work in a public accounting firm, and 17 years spent in various risk management roles in GIC. She retired from GIC on 1 July 2014 as Managing Director and Director of the Risk & Performance Management Department. She has extensive experience in formulating risk governance framework and risk management policies as well as implementing risk management systems, processes and a sound internal control environment.

Ms Pang is currently an independent director of Avanda Asia Vantage Fund and Avanda Asia Vantage Master Fund. She is also NTUC Income's nominee director on the boards of FFMC Holdings Pte Ltd and Fullerton Fund Management Company Ltd.

Ms Pang holds a degree in Accountancy from the National University of Singapore ("NUS") and a Masters in Applied Finance from Macquarie University. She is a member of the Institute of Singapore Chartered Accountants.

Sim Hwee Hoon

Director

Ms Sim Hwee Hoon was first elected to the Board on 26 May 2017 and last re-elected as director representing the Ordinary Member on 26 June 2020. She is the Chairperson of the NC and HRRC, and a member of the AC.

Ms Sim was the Regional Chief Operating Officer of Private Wealth Management Asia in Morgan Stanley from 2010 to 2016. She was also the CEO of Morgan Stanley Asia International Limited, Singapore Branch, and sat on the Board of Directors of Morgan Stanley Asia International Limited.

Before Morgan Stanley, Ms Sim spent 12 years with JPMorgan Private Bank Asia. Her appointments included being the Asia Regional CFO from 2006 to 2010 and Asia Head of Risk Management from 1998 to 2006. She also sat on the Board of Directors of JPMorgan International Bank Limited (UK incorporated) and JPMorgan Securities Asia Private Limited.

Ms Sim currently serves on the board of the YWCA of Singapore as 2nd Vice President, and as an independent non-executive director on the board of Stashaway.

Ms Sim holds a Master of Finance degree from the Royal Melbourne Institute of Technology and an Honors degree in Bachelor of Accountancy from NUS.

¹ "Institutional Members" refer to the co-operative societies as may be accepted by the Board.

Neo Chin
Director

Ms Neo Chin was co-opted to the Board on 15 April 2019 and formally elected as director representing the Founder Member on 24 May 2019. She is a Chairperson of the IC.

Ms Neo is currently the Chief Investment Officer at the Singapore University of Technology and Design. Prior to joining the Singapore University of Technology and Design, she spent over 20 years of her investment career at the GIC in various investment roles. Her investment experience spans across global treasury management, global fixed income and currencies management, external manager mandates, alternative investments and multi-strategy fund-of-funds portfolio management.

Ms Neo graduated with a Bachelor of Business Administration (Hons) from NUS. She is a CFA charter holder.

Vincent Lien
Director

Mr Vincent Lien was co-opted to the Board on 3 October 2019 and formally elected as director representing the Founder Member on 26 June 2020. He is a member of the IC.

Mr Lien is currently Managing Director of Lien Properties Private Limited, and a director of Lien Ying Chow Private Limited, Wah Hin & Company and the Maritime & Port Authority of Singapore, among others. He has over 20 years' experience in banking, specialising in corporate finance and capital management in Hong Kong, the PRC, Singapore and South-east Asia. Prior to his retirement, he held various senior positions at major multinational banking institutions including Swiss Bank Corporation, Bankers Trust and ABN AMRO. He is a Council Member of the Lien Ying Chow Legacy Fellowship. He is also NTUC Income's nominee director on the boards of FFMC Holdings Pte Ltd and Fullerton Fund Management Company Ltd. Mr Lien graduated with a Bachelor's degree in Business Administration from the University of New Brunswick in 1986. He obtained a Ph.D. Hons in Business Administration from Hyupsung University in 2018.

Robert Charles
Director

Mr Robert Charles was elected as a director representing the Founder Member on 26 June 2020. He is a member of the DTC and the RMC.

Mr Charles is currently a Managing Director at Coherent, a Hong Kong startup that provides digital solutions to insurers. He is an actuary with a background in health, retirement and investment. Mr Charles spent most of his career in consulting. He served as the Asia Pacific CEO of Towers Watson, a leading global risk and human capital management firm. He then built the Hong Kong business of CXA Group, a Singapore startup that provides insurance technology to employers and financial institutions.

Mr Charles obtained a First Class Honours degree in Mathematics from the University of Oxford in 1987. He is a Fellow of the Institute of Actuaries, United Kingdom.

Mak Keat Meng
Director

Mr Mak Keat Meng was elected as a director representing the Institutional Members² on 26 June 2020. He is the Chairman of the AC and a member of the RMC.

Mr Mak has over 37 years of experience in auditing and advisory with Ernst & Young LLP. During this period, he has held various leadership positions such as Head of Audit for Singapore & ASEAN, Quality Enablement Leader, and Head of Japanese Business Services. As Head of Audit, he had regular communications with regulatory authorities such as the MAS, SGX, and Accounting and Corporate Regulatory Authority. In his capacity as Quality Enablement Leader, he was tasked to run the firm's various quality initiatives and standards, including looking into inspection findings by regulators and the firm's in-house peer reviews. Mr Mak has deep domain knowledge of the insurance business in Singapore, and was previously the Chairman of the Insurance Committee of the Institute of Singapore Chartered Accountants. Mr Mak is also an independent director of Mapletree Commercial Trust, as well as a member of its Audit & Risk Committee.

Mr Mak graduated with a Bachelor of Commerce degree from the University of Auckland in 1982. He also holds a Master of Business Administration from International Management Centre (UK). He is a Fellow of Chartered Accountants, Australia and New Zealand, a Fellow of the Association of Chartered Certified Accountants, and a Fellow of the Institute of Singapore Chartered Accountants. He was a recipient of the Pingat Bakti Masyarakat in 2015 for his contribution to the public service in Singapore.

BOARD COMMITTEES

The Board has established six Board committees to assist it in carrying out its oversight of the operations and business affairs of NTUC Income. The six Board committees are the Audit Committee ("**AC**"), Investment Committee ("**IC**"), Risk Management Committee ("**RMC**"), Nominating Committee ("**NC**"), Human Resource and Remuneration Committee ("**HRRC**") and Digital & Technology Committee ("**DTC**"). The Board has delegated authority and powers to these Committees to monitor and have oversight over specific areas.

The composition of the Board Committees satisfies the independence requirements stipulated in the Guidelines on Corporate Governance issued by the MAS for all major insurers ("**GCG**") and the Insurance (Corporate Governance) Regulations 2013 ("**ICGR**").

Each committee has its own clearly defined terms of reference which describe its objectives, composition, and key duties and responsibilities. The respective terms of reference are reviewed periodically to ensure alignment to the notices and guidelines issued by the MAS, where applicable.

² "Institutional Members" refer to the co-operative societies as may be accepted by the Board.

Audit Committee

The AC comprises four members as follows:

Chairperson	Mak Keat Meng
Members	Pang Wai Yin
	Sim Hwee Hoon
	Joy Tan

The AC operates within the Board-approved written terms of reference which set out the AC's authority and responsibilities as prescribed in the GCG for all major insurers.

The key duties and responsibilities of the AC are to: review the financial statements of NTUC Income with management and the external auditors;

- review the effectiveness of material financial, operational, compliance and information technology controls, including the corporate fraud risk management policy/framework and whistle-blowing arrangements which staff and other parties may in confidence raise concerns about possible improprieties relating to financial reporting, controls or any other matters;
- assess the adequacy and effectiveness of the Internal Audit (“IA”) function in terms of its organisational independence, resources, capability, practices and work plans;
- review the audit plan and results of external audits, as well as the independence and objectivity of external auditors, on both audit and non-audit services and recommend to the Board on the appointment, re-appointment or removal of external auditors;
- review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disciplinary action) of any instances of non-compliance; and
- review all material related party transactions and keep the Board informed of such transactions.

During the year, the AC reviews with management the quarterly management reports, financial statements, significant accounting policies and estimates. The external auditors’ audit plan, the management letter and management’s response are presented to the AC and discussed with both the management and the external auditors. The AC also reviews the internal audit plan, scope of internal audit activities, reports of internal audits and follow up reviews performed by internal audit. The AC ensures that there are processes in place for ensuring that recommendations made by internal audit, external audit and MAS are effectively dealt with on a timely manner.

The AC reviews its terms of reference and the IA Charter to ensure they are adequate and relevant. NTUC Income has a whistle-blowing policy whereby staff can raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. The AC reviews the arrangements in place for independent investigation of such matters and for appropriate follow-up action.

The Chief Internal Auditor has a direct reporting line to the Chairman of the AC. The IA function resides in-house and is independent of the activities it audits. The IA function is staffed by suitably qualified executives. External quality assurance reviews are conducted periodically to ensure that IA’s activity conforms to the International Standards for the Professional Practice of Internal Auditing.

On a quarterly basis, management reports to the AC significant related party transactions, contingent liabilities and regulatory compliance issues. In performing its functions, the AC meets up at least annually with the internal and external auditors without the presence of management.

The AC believes that, in the absence of evidence to the contrary, the system of internal controls maintained by NTUC Income's management provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of financial risk. The AC notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Investment Committee

The IC comprises six members as follows:

Chairperson	Neo Chin
Members	Kee Teck Koon
	Vincent Lien
	Andrew Yeo (Chief Executive)
	Kate Chiew (Chief Investment Officer)
	Lau Sok Hoon (Appointed Actuary)

The IC exercises the authority delegated by the Board in ensuring NTUC Income's investment activities are managed in a prudent manner.

The key duties and responsibilities of the IC are to:

- formulate, establish and recommend the investment policy, asset liability management strategy and strategic asset allocation for approval by the Board;
- formulate, establish and approve the medium term allocations;
- review the investment policy and its performance on a regular basis so that it remains appropriate, recognising among other things, changes in business profile and the economic environment;
- ensure the investment policy is consistent with the asset-liability management strategies required to support new and existing products;
- ensure the investment policy of the participating fund is consistent with NTUC Income's bonus and dividend policy;
- ensure resources dedicated to investment activities are sufficient to implement and manage the approved investment policy and any other activities requested by the Board;
- determine the key performance indicators ("KPIs") for investment management and assess performance against the KPIs;
- implement and maintain adequate risk management systems and controls in respect of NTUC Income's investment portfolios;

- oversee all sub-funds of the Investment-Linked Fund and reviewing their performance on a regular basis;
- approve the limits and guidelines outlined in the investment policy, which have been delegated by the Board to the IC, subject to NTUC Income's overall risk limits set by the RMC; and
- approve margin transactions and short positions as outlined in the investment policy.

The IC is authorised to make all investment decisions as delegated by the Board. Property investments exceeding S\$250 million in a single transaction would require the approval of the Board. The IC will report to the Board any transaction of material consequence. The IC has the discretion to refer to the Board for approval for transactions which may have wider implications beyond pure investment considerations.

The IC holds regular meetings. It evaluates and approves a number of major investment activities, including the review of the asset allocation framework, foreign exchange framework and the investment portfolios outsourced to external fund managers. It also oversaw the successful completion of the appointment of Mercatus Strategic Investment Management, a subsidiary of NTUC Enterprise Co-operative Limited, to manage NTUC Income's real estate portfolio.

Risk Management Committee

The RMC comprises four members as follows:

Chairperson	Pang Wai Yin
Members	Choong Tuck Oon
	Robert Charles
	Mak Keat Meng

The Board delegates its oversight function to the RMC while retaining the ultimate authority and responsibility. The RMC oversees the risk management framework and policies, covering all material risks that include market, credit, insurance, operational, liquidity and reputational risks.

The key duties and responsibilities of the RMC are to:

- approve, or endorse for Board's approval, the strategy, framework and policies for risk management and capital management;
- set enterprise level risk appetite and tolerance limits;
- oversee the operation of an independent enterprise-wide risk management system;
- ensure management has established adequate systems and processes for the identification, measurement, management, monitoring and reporting of risks; and
- highlight to the Board issues of concern on key risks.

The Chief Risk Officer has a direct reporting relationship to the RMC.

The RMC holds meetings during the year. It reviews and discusses with management the risk management strategy and plans forward, risk appetite, and enterprise risk management framework, with the objective of further strengthening NTUC Income's risk governance. The RMC reviews and discusses amongst others, NTUC Income's own risk and solvency assessment, risk

appetite statement, capital and solvency management, business planning, regulatory developments, risk policies, risk reports and operational risk management. The RMC also reviews with management the measures implemented to improve the risk culture and awareness of NTUC Income.

Nominating Committee

The NC comprises three members as follows:

Chairperson	Sim Hwee Hoon
Members	Kee Teck Koon
	Joy Tan

The key duties and responsibilities of the NC are to:

- lead the process of appointing the key position holders, with the approval of the Board, as required under the ICGR;
- formulate succession plans for the executive team and key roles such as Chairman and Chief Executive;
- determine the criteria to be applied in identifying suitable candidates, and review nominations and re-nominations for appointments to the Board of Directors and Board committees;
- Identify candidates and review all nominations for the appointment of the Chief Executive, Deputy Chief Executive, any actuary appointed with the approval of the MAS, Chief Financial Officer and Chief Risk Officer;
- review the reasons provided by each director, each member of the Board committees, the Chief Executive, Deputy Chief Executive, any actuary appointed with the approval of the MAS, Chief Financial Officer and Chief Risk Officer for his/her resignation from his/her appointment;
- assess each candidate or nominee such that he/she is fit and proper for office and is qualified for the office, taking into account the candidate's or nominee's track record, age, experience, capabilities, skills and such other factors as may be deemed relevant;
- recommend to the Board on the development of a process for the annual evaluation of the performance of the Board, Board committees and directors;
- assess the skills of the directors on an annual basis, and identify whether the Board or Board committees lack any skills to perform their roles effectively, and identify steps to improve the effectiveness of the Board and Board committees;
- determine the independence of each director prior to every annual general meeting, based on the definition and criteria set out in the provisions of the prevailing ICGR, including any amendment thereto;
- review and assess, prior to every annual general meeting, whether each existing director remains qualified for the office using the criteria set out in the provisions of the prevailing ICGR, including any amendment thereto, and to notify MAS in writing of the review and assessment;

- decide whether a director with multiple board representations is able to and has been adequately discharging his or her duties, taking into account the number of board representations and other principal commitments;
- recommend to the Board concerning the membership of the Board committees; and
- review the adequacy of Board training and education.

The NC assists the Board to evaluate the suitability of candidates for appointment to the Board by ensuring that competent and qualified individuals capable of contributing to the success of the organisation are considered. It reviews and recommends all director appointments for the Board's endorsement. It also ensures that the composition of the Board comprises a diverse range of skills and expertise so that management can tap on the knowledge and experience of Board members.

The NC also reviews the independence of each Board member on an annual basis as well as whether each director remains qualified for office.

In keeping with good corporate governance, all directors are subject to re-nomination and re-election once every three years. In addition, all new nominations to the Board require the prior approval of the MAS.

The NC is mindful that directors who serve on multiple boards may be faced with competing time commitment. Although the NC has not imposed a formal limit on the number of directorships which a director may hold, it requires each director to declare annually that he/she is able to devote sufficient time and attention to NTUC Income and to adequately discharge his/her duties as director. The NC reviews and is satisfied that directors who currently hold multiple board representations are able to devote adequate time and attention to discharge their duties effectively.

The NC meets during the year. The key areas the NC reviews are the assessment of new Board candidates, the skills and competencies required on the Board, the composition of the Board committees and independence of directors. The NC also carries out the annual Board evaluation exercise. In addition, the NC meets to assess candidates for Board and key executive positions.

Human Resource & Remuneration Committee

The HRRC comprises three members as follows:

Chairperson	Sim Hwee Hoon
Members	Robert Charles
	Joy Tan

The key duties and responsibilities of the HRRC are to:

- review and recommend to the Board a framework for determining the remuneration of non-executive directors, external members of Board committees and the Chief Executive;
- review and approve a framework for determining remuneration, based on the factors set out in the prevailing ICGR, including any amendment thereto;

- review and approve the remuneration plans and actual pay-out for senior management, defined as Senior Vice Presidents and above, and for the Chief Executive only, in consultation with the Board Chairman, such that remuneration practices do not create incentives for inappropriate risk-taking behaviour;
- review appointments and terminations of senior management;
- establish the selection criteria and appointment for remuneration consultants;
- review the talent management framework and progress;
- approve succession and development plans for senior management annually; and
- have oversight over the organisation's culture and conduct, and ensure linkage with associated levers such as compensation and talent planning.

The HRRC meets during the year. The key areas the HRRC reviews are the remuneration framework, remuneration of the senior management team, development plans for senior management, alignment to corporate governance and review of the social impact indicators and staff engagement programmes. During the course of the year, the HRRC also conducts interviews of candidates for senior management appointments.

The GCG advocates the adoption of the Principles for Sound Compensation Practices and Implementation Standards issued by the Financial Stability Board which aim to reduce incentives that encourage excessive risk taking. The HRRC reviews NTUC Income's compensation practices to ensure that compensation is aligned with prudent risk taking, effective supervisory oversight and is market competitive.

Digital & Technology Committee

The DTC comprises six members as follows:

Chairperson	Choong Tuck Oon
Members	Robert Charles
	Han Soon Lang (external member)
	Grace Ho (external member)
	Chak Kong Soon (external member)
	Jixun Foo (external member)

The key duties and responsibilities of the DTC are to:

- provide oversight on major IT programmes and investment;
- provide advice on strategies related to digital transformation, technology architecture and technology-related innovations;
- monitor and review emerging trends in digitisation and technologies that may affect NTUC Income's strategy, including new developments in fintech and insurtech;
- review specific technology risks as requested by the RMC. These will include cyber, IT resilience and IT security. The outcome of the review will be updated to the RMC; and
- highlight and bring to the attention of the Board any matters as the DTC deems appropriate.

SUPERVISION AND REGULATION

Overview

NTUC Income is regulated by the MAS as a licensed direct insurer under the Insurance Act, Chapter 142 of Singapore (the “**Insurance Act**”) in respect of both its life insurance business and general insurance business. The MAS regulates and supervises insurers in Singapore. The insurance regulatory framework consists mainly of the Insurance Act and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS. The MAS has issued several consultation papers with proposals to make amendments to certain aspects of the insurance regulatory framework (including to clarify MAS’ expectations on insurers’ charging of expenses to participating funds and set out additional requirements to bring about consistent and appropriate charging of such expenses, so as to safeguard policy owners’ interests, and to impose a contractual recognition requirement on any foreign law governed financial contract entered into by a qualifying pertinent financial institution (which includes a licensed insurer in Singapore) that is required to perform recovery and resolution planning, wherein all parties to that financial contract must agree that their exercise of any of the termination rights may be subject to MAS’ stay powers under sections 83 and 84 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the “**MAS Act**”), which, if implemented, may affect the contents of this section. This section does not address the proposals outlined in the consultation papers issued by the MAS. This section sets out a broad overview of 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 (for example, agents or employees of licensed insurers) whether in respect of life or non-life policies.

NTUC Income is also included by the Central Provident Fund (“**CPF**”) Board as an insurer under the CPF Investment Scheme (the “**CPFIS**”) introduced pursuant to the Central Provident Fund (Investment Schemes) Regulations, pursuant to which CPF monies may, subject to certain conditions, be used by CPF members to purchase investment-linked insurance policies issued by NTUC Income if such policies are also included under the CPFIS.

Licence held by NTUC Income

NTUC Income is a licensed direct insurer under the Insurance Act. NTUC Income holds a composite licence to carry on both life insurance business and general insurance business.

A licensed insurer in Singapore must pay a prescribed annual fee to the MAS.

Exempt Status of NTUC Income

Exempt financial adviser

As a co-operative society licensed under the Insurance Act, NTUC Income, is exempt from the requirement to hold a financial adviser’s licence under Section 23(1)(c) of the Financial Advisers Act, Chapter 110 of Singapore (the “**Financial Advisers Act**”). NTUC Income has invoked the licensing exemption in respect of: (a) advising others (other than advising on corporate finance within the meaning of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), either directly, through publications or writings, and whether in electronic, print or other form concerning life policies other than contracts of reinsurance (“**FAA life policies**”); (b) advising others by issuing or promulgating research analyses or research reports, concerning FAA life policies; and (c) arranging of any contract of insurance in respect of FAA life policies. As an exempt financial adviser, NTUC Income is subject to certain conduct of business and other requirements applicable under the Financial Advisers Act and its related regulations, notices, guidelines, practice notes and circulars.

Exempt from the requirement to hold a capital markets services licence

As a co-operative society licensed under the Insurance Act, NTUC Income is exempt under Section 99(1)(d) of the SFA from the requirement to hold a capital markets services licence in respect of fund management for the purpose of carrying out insurance business. As an exempt person, NTUC Income is subject to the MAS' supervisory powers under the SFA. While there are certain requirements imposed under the SFA on licensed insurers who carry on activities regulated under the SFA, such as matters relating to the reporting, clearing and trading of derivatives contracts, the general conduct of business requirements in the Securities and Futures (Licensing and Conduct of Business) Regulations (which apply to holders of a capital markets services licence) do not apply to licensed insurers in the same way. The general conduct of business of a licensed insurer is regulated under the Insurance Act and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS.

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 its 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 areas 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.

Paid-up Capital Requirement, Fund Solvency Requirement and Capital Adequacy Requirement

A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital as determined by regulation 3 of the Insurance (Valuation and Capital Regulations) 2004. A licensed direct insurer that carries on business only in investment-linked policies or only in short-term accident and health policies is required to have minimum paid-up ordinary share capital of S\$5 million. A licensed direct insurer that carries on any other types of business would be required to have minimum paid-up ordinary share capital of S\$10 million.

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's supervisory approach with respect to the solvency intervention levels. The MAS has also stated that the objective of RBC 2 is 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, MAS concluded the RBC

2 Review by issuing the Insurance (Valuation and Capital) (Amendment) Regulations 2020 and the new MAS Notice 133 on Valuation and Capital Framework for Insurers. The Insurance (Valuation and Capital) (Amendment) Regulations 2020 and MAS Notice 133 have come into effect on 31 March 2020, which, together, specify fund solvency requirements and capital adequacy requirements for a licensed insurer.

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;
 - (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;
 - (iii) a general fund.

A licensed insurer is also required to satisfy its capital adequacy requirement at all times, which is that its financial resources must not 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;
 - (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;
 - (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%.

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 Valuation of Policy Liabilities of General Business 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 MAS has stated that the MAS Guidelines on Valuation of Policy Liabilities of General Business will be cancelled and it will issue updated guidelines on the preparation of the actuarial investigation report.

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 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 18(1) of the Insurance Act. 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 on 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 requirement or the capital adequacy requirement described above.

The MAS has the authority to direct that the insurer satisfy fund solvency requirements or capital adequacy requirements other than those that the insurer is required to maintain under section 18 of the Insurance Act if the MAS considers it appropriate having regard to the risks arising from the activities of the insurer and such other factors as the MAS considers relevant.

Pursuant to regulation 5 of the Insurance (Valuation and Capital) Regulations 2004, 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. Furthermore, pursuant to MAS Notice 133, prior approval of the MAS is also required to early redeem Additional Tier 1 and Tier 2 capital instruments.

The MAS also has the general power to impose asset maintenance requirements. Under section 21 of the Insurance Act, the MAS may, from time to time, by notice in writing to any licensed insurer, or any class of licensed insurers, direct the insurer or class of insurers, as the case may be, each to maintain and hold such minimum amount or amounts of assets in Singapore as may be specified in the notice for the purpose of meeting its liabilities.

Policy Owners' Protection Scheme

The Singapore Deposit Insurance Corporation Limited ("**SDIC**") administers the Policy Owners' Protection Scheme (the "**PPF Scheme**") in accordance with the Deposit Insurance and Policy Owners' Protection Schemes Act, Chapter 77B of Singapore (the "**DIPOPS 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. In the resolution of a PPF Scheme member, the PPF Life Funds and/or PPF General Funds (as described below) could be tapped on as an *ex ante* financing component to facilitate either (i) the transfer of the whole or part of the insurance business of a non-viable PPF Scheme member to another insurer; or (ii) the run-off of the insurance business of a non-viable PPF Scheme member. PPF Scheme members essentially comprise direct insurers licensed to carry on life business under the Insurance Act (other than a captive insurer) or direct insurers licensed to carry on general business under the Insurance Act (other than a captive insurer or specialist insurer) 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 17 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 17 of the Insurance Act by direct insurers licensed to carry on general business (together, the "**PPF Funds**").

As a PPF Scheme member, NTUC Income is 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 DIPOPS 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.

Asset Management

Under Section 30B of the Insurance Act, no licensed insurer that is established or incorporated in Singapore 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 conditions as may be determined by the MAS, including any condition relating to the operations or activities of the corporation.

The 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 17 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.

The 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.

The MAS Notice 320 on Management of Participating Life Insurance Business requires an 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 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.

Insurance Fund

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.

The MAS Notice 101 on Maintenance of Insurance Funds and the 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 comprising 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

The 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 ten 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 the MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, 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.

An insurer is required under MAS Notice 302 on Product Development and Pricing, 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. In addition, the MAS has issued the MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, product development and pricing. 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 on 13 May 2016 which imposes specific obligations on an 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.

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: (a) notifying MAS before launching an investment-linked policy sub-fund, (b) valuation and audit of investment-linked policy sub-funds, and (c) disclosures in relation to the offering of investment-linked policies. Under Regulation 8 of the Insurance (General Provisions) Regulations, 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.

Market Conduct Standards

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 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 came into effect on 1 January 2016, specifically detailing the information required to be submitted to the web-aggregator.

The MAS Notice 306 on Market Conduct Standards for Life Insurers Providing Financial Advisory Services As Defined under the Financial Advisers Act imposes certain requirements on direct life insurers which provide financial advisory services under the Financial Advisers Act 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. The MAS Notice 318 on Market Conduct Standards for Direct Life Insurer as a Product Provider 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 Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General Insurers requires direct general insurers to only enter into insurance contracts arranged by agents or staff with the 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 such amendments taking effect on 20 July 2015. 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. The MAS Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products 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.

The MAS Notice 320 on Management of Participating Life Insurance Business requires a direct life insurer to comply with certain disclosure requirements for product summaries, and annual bonus updates, in relation to its participating policies.

Various industry codes of practice also apply to insurers, including codes/guidelines issued by the Life Insurance Association of Singapore and the General Insurance Association of Singapore. 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.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to insurers specifically and to financial institutions generally which would apply to licensed insurers.

The 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.

The MAS Notice 127 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 unauthorized access or disclosure.

The MAS Notice 132 on Cyber Hygiene 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.

The MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including licensed insurers) in respect of (a) establishing a sound and robust technology risk management framework, (b) strengthening system security, reliability, resiliency, and recoverability, and (c) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution's information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, 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, and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the Financial Advisers Act and the SFA. 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.

Anti-money Laundering

Licensed insurers must comply with anti-money laundering and countering the financing of terrorism requirements under the MAS Notice 314 on Prevention of Money Laundering and Countering the Financing of Terrorism – Life Insurers and relevant guidelines. The MAS has also issued the MAS Guidelines for Financial Institutions to Safeguard the Integrity of Singapore's Financial System, which apply to financial institutions generally, including licensed insurers. These guidelines reiterate Singapore's commitment to safeguard its financial system from being used as a haven to harbour illegitimate funds or as a conduit to disguise the flow of such funds, and further elaborate on the role of financial institutions in preserving the integrity of the financial system.

Financial Reporting Requirements

The MAS Notice 129 on Insurance Returns (Accounts and Statements) 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.

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.

In addition, the MAS Notice 306 and the MAS Notice 318 require direct life insurers to submit information on their businesses to the MAS annually or (in the case of MAS Notice 306) a nil return. Further, MAS Notice 318 requires direct life insurers to submit information on its source of business to the MAS annually.

Actuaries

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 is required to appoint 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/her report to the MAS and notify the board of directors of the insurer that he/she has done so.

Change in Substantial Shareholders, Effective Control or Control

Approval from the MAS is required for the following:

- (a) obtaining effective control of a licensed insurer incorporated in Singapore. A person shall, subject to certain exceptions, be regarded as obtaining effective control of a licensed insurer if:
 - (i) the person, whether alone or together with his associates:
 - (A) holds 20% or more of the total number of issued shares in the insurer; or
 - (B) is in a position to control 20% or more of the voting power in the insurer;
 - (ii) the directors of the insurer are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person (whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer); or
 - (iii) the person (whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer) is in a position to determine the policy of the insurer;
- (b) becoming a substantial shareholder of a licensed insurer incorporated in Singapore; or
- (c) entering into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a licensed insurer which is incorporated in Singapore.

Information on Beneficial Interests in Voting Shares

The MAS has the power to require a licensed insurer that is incorporated in Singapore to obtain from any shareholder of the insurer, and to send to the MAS, information (a) as to whether that shareholder holds any voting shares in the insurer as beneficial owner or as trustee; and (b) if such shareholder holds them as trustee, to indicate, as far as he/she can, the persons for whom he/she holds them (either by name or by other particulars sufficient to enable those persons to be identified) and the nature of their interests.

Appointment of Chief Executive, Deputy Chief Executive and Directors

Before appointing a person as its chief executive, deputy chief executive, director or chairman of its board of directors, a licensed insurer incorporated or established in Singapore must satisfy the MAS that such person is a fit and proper person to be so appointed and obtain the approval of the MAS for such appointment.

Corporate Governance

Direct insurers that are incorporated in Singapore are subject to the MAS Guidelines on Corporate Governance for Banks, Financial Holding Companies and Direct Insurers which are incorporated in Singapore. These guidelines provide guidance on best practices that certain financial institutions, including direct insurers that are incorporated in Singapore, should strive to achieve in relation to their corporate governance. The guidelines in Annex 1 thereto comprise the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS to take into account the unique characteristics of the business of, among other things, insurance. The MAS expects all financial institutions to observe the guidelines in Annex 1 to the fullest extent possible. Financial institutions which are listed on the SGX-ST should disclose their corporate governance practices and explain deviations from the guidelines in their annual reports. Financial institutions which are not listed on the SGX-ST should disclose the same on their websites.

In addition, 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 direct composite insurer, which has (A) total assets of at least S\$5 billion or its equivalent in any foreign currency or (B) for its general business, gross premiums of at least S\$500 million or its equivalent in any foreign currency in its insurance funds and income and outgoings of the operations of all its branches located outside Singapore (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’s 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. NTUC Income is a Tier 1 insurer.

Priority of liabilities in winding up

In the event of the winding up of a licensed insurer that is a co-operative society, section 49FQ(3) of the Insurance Act provides that the assets of the insurer shall be applied:

- (a) first to the cost of liquidation;
- (b) then to the discharge of the liabilities of the insurer (where the priority of claim set out in section 49FR of the Insurance Act shall apply to its unsecured liabilities). In this regard, section 49FR of the Insurance Act provides that, where a licensed insurer becomes unable to meet its obligations or becomes insolvent, its assets shall, subject to section 17(11) of the Insurance Act, be available to meet its liabilities in Singapore specified in section 49FR(3) of the Insurance Act (as set out in sub-paragraphs (i) to (v) below) ahead of other unsecured liabilities of the insurer, other than preferential debts specified under section 328(1) of the Companies Act. (Section 17(11) of the Insurance Act provides that in a winding up, any part of an insurance fund remaining after meeting the liabilities and expenses to which the fund is applicable may be dealt with as if it did not form part of that fund, except that where any other insurance fund is in deficit, the surplus must first be applied to make good that deficit.):
 - (i) firstly, any levy due and payable by the licensed insurer under the DIPOPS Act;
 - (ii) secondly, protected liabilities incurred by the licensed insurer, up to the amount paid or payable out of any of the PPF Funds by SDIC under the DIPOPS 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 DIPOPS 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;

- (iii) thirdly, any liabilities incurred by the licensed insurer in respect of direct policies which are not protected under the DIPOPS Act;
 - (iv) fourthly, any liabilities incurred by the licensed insurer in respect of reinsurance policies;
 - (v) fifthly, any sum claimed by the trustee of a resolution fund (within the meaning of section 98 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the “**MAS Act**”)) from the licensed insurer under section 103, 104, 105 or 106 of the MAS Act;
- (c) then to the payment of the share capital or subscription capital;
- (d) then, provided that the by-laws of the insurer permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Co-operative Societies Rules 2009 or in the by-laws for any period during which no dividend or patronage refund was in fact paid; and
- (e) any moneys remaining after the application of the funds to the purposes specified in paragraph (c), shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar and section 89(4) and (5) of the Co-operative Societies Act, Chapter 62 of Singapore shall apply to deal with the moneys in the Co-operative Societies Liquidation Account.

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

Resolution Powers of the MAS

Under the MAS Act and the Insurance Act, the MAS has resolution powers in respect of a licensed insurer in Singapore. Broadly speaking, the MAS has powers to (amongst other things):

- (a) impose moratoriums;
- (b) apply for court orders against winding-up or judicial management of the licensed insurer, against commencement or continuance of proceedings by or against the licensed insurer in respect of any business of the licensed insurer against commencement or continuance of execution, distress or other legal processes against any property of the licensed insurer, or against enforcement of security;
- (c) apply to court for the winding-up of the licensed insurer;
- (d) order compulsory transfers of business or transfers of shares;
- (e) order compulsory restructurings of share capital;
- (f) temporarily stay termination rights of counterparties;
- (g) impose requirements relating to recovery and resolution planning; and
- (h) give directions to significant associated entities of the licensed insurer.

In addition, the MAS has powers under the Insurance Act to assume control of a licensed insurer. Under Singapore's resolution regime for financial institutions, there are also provisions for bail-in, cross-border recognition of resolution actions, creditor safeguards in the form of a creditor compensation framework and resolution funding. The entities subject to the statutory bail-in powers of the MAS are currently limited to Singapore-incorporated banks and Singapore-incorporated bank holding companies. There is currently no statutory bail-in regime for Singapore insurers.

The MAS Act also includes the following stays in connection with resolution proceedings:

- (a) section 83 of the MAS Act provides that in relation to a contract entered into by:
 - (i) a pertinent financial institution (which includes a licensed insurer) that is subject to a resolution measure; or
 - (ii) an entity that is part of the pertinent financial institution's group, where the pertinent financial institution is the subject of a resolution measure ("resolution measure" can also include a determination by the MAS that a foreign resolution action be recognised in whole or in part) and the obligations of the entity under the contract are guaranteed or otherwise supported by the pertinent financial institution,

and where all the substantive obligations of the contract continue to be performed by the parties to the contract, the resolution measure and any event directly linked to it will be disregarded in determining the applicability of any termination rights, and any exercise of a termination right on the basis of the resolution measure or linked event will have no effect.

This essentially has the effect of preventing parties from terminating such a contract on the basis of the occurrence of a resolution measure or events which are directly linked to resolution; and

- (b) section 84 of the MAS Act gives the MAS a right to temporarily suspend termination rights for contracts where one of the parties is:
 - (i) a pertinent financial institution that is the subject or proposed subject of a Singapore resolution measure;
 - (ii) a pertinent financial institution which is the subject of a foreign resolution or for which the foreign resolution authority has informed the MAS that there are grounds for carrying out such resolution; or
 - (iii) an entity that is part of the same group of companies as that of a pertinent financial institution where: (A) the pertinent financial institution is the subject or proposed subject of a resolution measure; (B) the contract has a termination right that is exercisable if the pertinent financial institution becomes insolvent or is in a certain financial condition; and (C) the obligations of the entity under the contract are guaranteed or otherwise supported by the pertinent financial institution.

The suspension does not affect termination rights under the contract which become exercisable for a breach of a basic substantive obligation only. "Basic substantive obligation" means, in relation to a contract, an obligation provided by the contract for payment, delivery or the provision of collateral.

If the contract is not a reinsurance contract, the suspension must expire no later than the same time on the second business day after it takes effect. If the contract is a reinsurance contract, the suspension must expire no later than the time and date to be prescribed in regulations.

Certain persons are excluded from section 84 under regulation 27 of the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018. The stay under section 84 does not affect a termination right under a contract between a pertinent financial institution on one hand and a central bank of a country or territory outside Singapore, an operator or a settlement institution of a designated system under the Payment and Settlement Systems (Finality and Netting) Act, Chapter 231 of Singapore, and an approved or a recognised clearing house or a depository under the Securities and Futures Act, Chapter 289 of Singapore.

Under sections 42 and 43 of the MAS Act, MAS may issue a notice to pertinent financial institutions (which include licensed insurers) to prepare recovery and resolution plans and issue a direction to a pertinent financial institution requiring it to comply with the requirements of such notice and the implementation of such plans.

Privacy Obligations of NTUC Income

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore (“**PDPA**”) is the main Singapore legislation governing the protection of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information). To the extent NTUC Income collects, uses and/or discloses personal data, it is subject to the requirements of the PDPA.

In this regard, the Life Insurance Association of Singapore has issued codes of practice relating to PDPA compliance of life insurers, and of representatives of direct life insurers.

The PDPA generally requires organisations, including NTUC Income, to give notice and obtain consents prior to collection, use or disclosure of personal data. Organisations are required to ensure they have obtained consents from customers for all purposes for which they intend to collect, use and/or disclose such customers’ personal data – perhaps regular reassessment of customers’ profiles and portfolios after the purchase of life insurance and related products and services, administration of the relevant policies, processing of claims under such policies and compliance with relevant regulations. The PDPA also imposes various obligations upon organisations that relate to, among other things, the access to, the correction of, the protection of, the retention of and the transfer of, personal data. Finally, the PDPA also requires organisations to check national “Do-Not-Call” registries prior to sending marketing messages addressed to Singapore telephone numbers through voice calls, fax or text messages.

The PDPA specifies various offences that apply for failure to comply with PDPA requirements, which could apply to both organisations and their officers, depending on the circumstances. The PDPA also created a regulatory agency, the Personal Data Protection Commission, which has the power to give directions to organisations for compliance with the PDPA, including the power to require an organisation to pay a penalty of up to S\$1 million for breach of PDPA requirements. Apart from this, an individual has a right of private action against an organisation for breach of the data protection provisions of the PDPA if the individual suffers loss or damage directly as a result of a contravention of such provisions by an organisation. The relief which a court may grant to a successful claimant includes damages, injunctions and relief by way of declaration.

TAXATION

The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of the Notes is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Singapore income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS and the IRAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

The disclosure below is on the assumption that the IRAS regards Notes which are Perpetual Capital Securities as “debt securities” for the purposes of the Income Tax Act and eligible for the qualifying debt securities scheme, and that distribution payments made under such Notes will be regarded by the IRAS as interest payable on indebtedness for the purposes of the Income Tax Act.

If any tranche of the Notes which are Perpetual Capital Securities is not regarded as “debt securities” for the purposes of the Income Tax Act or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme or distribution payments made under such Notes are not regarded by the IRAS as interest payable on indebtedness for the purposes of the Income Tax Act, the tax treatment to holders may differ. Investors and holders of any tranche of such Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of such Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is:
 - (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or
 - (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited, each of which is a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the Income Tax Act) at such time, any tranche of the Notes ("**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the Income Tax Act, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant

Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively the "**Qualifying Income**") from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or a body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer, including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and
 - (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (b) even though a particular tranche of Relevant Notes is QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the Income Tax Act as follows:

- (a) “**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- (b) “**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- (c) “**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant 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 QDS under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (“**SFRS(I) 9**”) (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “*Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes*”.

Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or before the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). If additional notes (as described under “*Conditions – Further Issues*”) that are not distinguishable from such previously issued grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a dealer agreement dated on or about 2 July 2020 (the “**Dealer Agreement**”) among the Issuer, the Programme Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Programme Dealers. However, the Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Programme Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between the Issuer and the relevant Dealer in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The Issuer may also from time to time agree with the relevant Dealer(s) that it may pay certain third parties commissions (including, without limitation, rebates to private banks).

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they may make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, one or more Dealers named as Stabilisation Coordinators (or persons acting on behalf of any Stabilisation Coordinator) in the applicable Pricing Supplement, to the extent permitted by applicable laws and regulations, may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the relevant Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to whether such stabilisation activities will take place at all or the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilisation activities are subject to certain prescribed time limits in certain jurisdictions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

See “*Clearing and Settlement*” with respect to the settlement of any Notes issued.

Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to further agree, that it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes to any entity listed under “*Related Parties of the Issuer*” or in any such list being updated in writing by the Issuer and delivered to the Dealers in accordance with the Dealer Agreement.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Programme Agreement. The Notes are being offered and sold outside of the United States in reliance on Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the “**Code**”) and regulations thereunder. The applicable Pricing Supplement will identify whether either TEFRA C or TEFRA D or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code apply or whether TEFRA is not applicable.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer, the Arrangers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any person outside the United States to any person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such person within the United States, is prohibited.

Prohibition of Sales to EEA and UK Retail Investors

Unless the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (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; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year;
 - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered for a public offering in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell the Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used

herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA,
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA, and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the SFA, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all persons, including relevant persons (as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

These selling restrictions may be supplemented or modified by the agreement of the Issuer and any Dealers, following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any supplemental Offering Circular or Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge and belief, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

All Dealers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Each of the Programme Dealers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services (including hedging services) for the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, all Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer. Certain of the Programme Dealers may from time to time also enter into swap and other derivative transactions with the either of the Issuer and its affiliates. The Programme Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

None of the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

FORM OF PRICING SUPPLEMENT RELATING TO NOTES OTHER THAN PERPETUAL CAPITAL SECURITIES

Pricing Supplement dated [●]

NTUC INCOME INSURANCE CO-OPERATIVE LIMITED
Legal Entity Identifier: H0DVMU0L02TWM CXB1198

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the S\$2,000,000,000 Euro 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 Conditions (as defined below) set forth in the Offering Circular dated on or about 2 July 2020 [and the supplemental [Offering Circular] dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. [This Pricing Supplement, together with the information set out in Schedule [●] to this Pricing Supplement, supplements the Offering Circular and supersedes the information in the Offering Circular to the extent inconsistent with the information included therein.]

[The Notes have not been registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged or otherwise transferred within the United States unless the offer or sale would qualify for a registration exemption from, or would not be subject to the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Notes are being offered and sold only to investors who are outside of the United States in reliance on Regulation S. See “*Subscription and Sale*” in the Offering Circular for information about eligible offerees.]

[The following language applies if any tranche of the Notes is intended to be “qualifying debt securities” (as defined in the Income Tax Act, Chapter 134 of Singapore):

Where interest, discount income, prepayment fee, redemption premium or break cost 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, Chapter 134 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, prepayment fee, redemption premium or break cost 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.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under Offering Circular with an earlier date:

Terms used herein shall be deemed to be defined as such for the purposes of the Note Conditions (the “**Conditions**”) set forth in the Offering Circular dated on or about 2 July 2020. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated on or about 2 July 2020 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated on or about 2 July 2020 and are attached hereto.]

Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] 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 eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); 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/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA AND 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 European Economic Area (the “**EEA**”) or in the United Kingdom (the “**UK**”). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]¹

[SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”), the Issuer has determined, and hereby notifies all persons, including relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are]/[are not] [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)²

- 1 Issuer: NTUC Income Insurance Co-operative Limited
- 2 (i) Series Number: [●]
- (ii) Tranche Number: [●]

[(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]

¹ Insert this legend of “Prohibition of Sales to EEA and UK Retail Investors” is stated as “Applicable”.

² For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

- 3 Specified Currency or Currencies: [●]
- 4 Aggregate Nominal Amount:
- (i) Series: [●]
- (ii) Tranche: [●]
- 5 (i) Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- (ii) Net proceeds: [[●] (Required only for listed issues)]
- 6 (i) Specified Denominations: [●]
- If the Specified Denomination is expressed to be EUR 100,000 or its equivalent and multiples of a lower nominal amount (for example EUR 1,000), insert the following:*
- “EUR 100,000 and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Notes in definitive form will be issued with a denomination above [EUR 199,000].”*
- Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of GBP 100,000 (or its equivalent in other currencies).*
- (ii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify/Issue date/Not Applicable]
- 8 Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling on or nearest to the relevant month and year/None]
- Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to specify the Interest Payment Date falling in or nearest to the relevant month and year.*

- 9 Interest Basis: [[●]% Fixed Rate [from [●] to [●]]
 [[*specify reference rate*] +/-[●]% Floating Rate]
 [from [●] to [●]]
 [Zero Coupon]
 [Other (*specify*)]
 (further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
 [Partly-Paid]
 [Instalment]
 [Other (*specify*)]
- 11 Change of Interest or Redemption: [*Specify details of any Payment Basis: provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
- 13 Status of the Notes: [Senior/Subordinated]
- 14 Listing: [SGX-ST/(*specify*)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions: [Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●]] to but excluding the [Interest Payment Date falling on [●]/Maturity Date]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Period: [Each period from and including the [Issue Date]/[Interest Payment Date falling on [●]] to (but excluding) the [subsequent Interest Payment Date falling on [●]/[Maturity Date]], except that the first Interest Period will commence on (and include) the [Issue Date]/[the Interest Payment Date falling on [●]] and the final Interest Period shall end (but exclude) the [Interest Payment Date falling on [●]/[Maturity Date].]

- (iii) Interest Payment Date(s): [●] in each [month]/[year] [commencing on the [Issue Date/Interest Payment Date falling on [●]] and ending on the [Interest Payment Date falling on [●]/Maturity Date]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of “Business Day”]/not adjusted]
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)/not adjusted]
- (v) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY 0.01, CNY 0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Notes, to the nearest HKD0.01, HKD0.005 being rounded upwards.”*
- (vi) Broken Amount(s): [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]
- (vii) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (viii) Determination Dates: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- [[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

- 17 Floating Rate Note Provisions: [Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on or nearest to [●]] to but excluding the [Interest Payment Date falling on or nearest to [●]/Maturity Date]]
- (If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Interest Period(s): [Each period from and including the [Issue Date]/[Interest Payment Date falling on or nearest to [●]] to (but excluding) the [subsequent Interest Payment Date falling on [●]/[Maturity Date]], except that the first Interest Period will commence on (and include) the [Issue Date]/[the Interest Payment Date falling on [●]] and the final Interest Period shall end (but exclude) the [Interest Payment Date falling on or nearest to [●]] /[Maturity Date].]
- (ii) Interest Payment Date(s): [●] in each [month]/[year] [commencing on the [Issue Date/Interest Payment Date falling on [●]] and ending on the [Interest Payment Date falling on [●]/Maturity Date]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of “Business Day”]/not adjusted]
- (iii) Interest Period End Date: [●]
- (Not applicable unless different from Interest Payment Date)*
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (vii) Screen Rate Determination:
- Reference Bank: [●]
 - Reference Rate: [●]
 - Interest Determination Date(s): [●]

- Relevant Screen Page: [●]
 - Party responsible for calculation of Rate of Interest: [●] (*Specify where this is not the Calculation Agent*)
 - Observation Period Business Days: [●] (*Specify where relevant for Screen Rate Determination where the Reference Rate is Compounded Daily SORA or Compounded Daily SONIA*)
- (viii) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
- (ix) Margin(s): [+/-] [●]% per annum
- (x) Minimum Rate of Interest: [●]% per annum
- (xi) Maximum Rate of Interest: [●]% per annum
- (xii) Day Count Fraction: [●]
- (xiii) Rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 18 Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield: [●]% per annum
 - (ii) Any other formula/basis of determining amount payable: [●]
- 19 Fall back provisions [Benchmark Discontinuation (General) (Condition 5(i)(i))/Benchmark Discontinuation (ARRC) (Condition 5(i)(ii))/Benchmark Discontinuation (SOR) (Condition 5(i)(iii))/Benchmark Discontinuation (SORA) (Condition 5(i)(iv))/specify other if different from those set out in the Conditions] (*Not Applicable for Notes linked to BBSW*)

- Lookback/Suspension Period: [Not Applicable]/[Specify where relevant for calculation of Compounded SOFR]

PROVISIONS RELATING TO REDEMPTION

- 20 Call Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- Minimum Redemption Amount: [●] per Calculation Amount
- Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
- 21 Put Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]
- 22 Final Redemption Amount of each Note: [●] per Calculation Amount
- 23 Early Redemption Amount:
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes:
- Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- (N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
- Registered Notes:**
- [Global Certificate ([●] nominal amount) registered in the name of a nominee for [CDP/a common depository for Euroclear and Clearstream]]
- 25 Financial Centre(s) or other special provisions relating to Payment Dates: [Applicable/Not Applicable. *If Applicable, give details*]
- 26 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Applicable/Not Applicable. *If Applicable, give details*]
- 27 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: [Applicable/Not Applicable. *If Applicable, give details*]

- 28 Details relating to Instalment Notes: amount of each instalment (Instalment Amount), date on which each payment is to be made (Instalment Date): [Applicable/Not Applicable. *If Applicable, give details*]
- 29 Other terms or special conditions: [Applicable/Not Applicable. *If Applicable, give details, including if any conversion loss absorption option to be set out in Appendix to Pricing Supplement*]

DISTRIBUTION

- 30 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
 [The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Notes after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Notes]
- (ii) Stabilisation Coordinator (if any): [Not Applicable/*give name*]
- 31 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
 [The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Notes after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Notes]
- 32 Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA Not Applicable]
(TEFRA not applicable for Bearer Notes with a maturity of one year or less or Registered Notes)
(Where TEFRA D is applicable, a Bearer Note must be issued in the form of a Temporary Note exchangeable upon a U.S. tax certification for a Permanent Global Note or a Definitive Note)
- 33 Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 34 ISIN Code: [●]
- 35 Common Code: [●]

36 Any clearing system(s) other than The Central Depository (Pte) Limited, Euroclear Bank SA/NV and Clearstream Banking S.A., and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

37 Delivery: Delivery [against/free of] payment

38 Additional Paying Agent(s) (if any): [●].

GENERAL

39 Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]

40 Applicable Governing Document: [Trust Deed dated on or about 2 July 2020]
[Singapore Supplemental Trust Deed dated on or about 2 July 2020]

41 Governing Law: [English law, save that the provisions relating to Subordinated Notes in relation to subordination, set-off and payment void, default and enforcement shall be governed by, and construed in accordance with, the laws of Singapore] [Singapore law]

[SCHEDULE TO THE PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue *[[if listed]*, and admission to trading on the Singapore Exchange Securities Trading Limited] of the Notes described herein pursuant to the S\$2,000,000,000 Euro Medium Term Note Programme of the Issuer]

RESPONSIBILITY

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

Signed on behalf of NTUC Income Insurance Co-operative Limited:

By:
Duly authorised

FORM OF PRICING SUPPLEMENT RELATING TO PERPETUAL CAPITAL SECURITIES

Pricing Supplement dated [●]

NTUC INCOME INSURANCE CO-OPERATIVE LIMITED
Legal Entity Identifier: H0DVMU0L02TWM CXB1198

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Perpetual Capital Securities]
under the S\$2,000,000,000 Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Perpetual Capital Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Perpetual Capital Securities Conditions (the “**Conditions**”) set forth in the Offering Circular dated on or about 2 July 2020 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Perpetual Capital Securities and must be read in conjunction with such Offering Circular [as so supplemented]. [This Pricing Supplement, together with the information set out in Schedule [●] to this Pricing Supplement, supplements the Offering Circular and supersedes the information in the Offering Circular to the extent inconsistent with the information included therein.]

[The Perpetual Capital Securities have not been registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States. The Perpetual Capital Securities may not be offered, sold, pledged or otherwise transferred within the United States unless the offer or sale would qualify for a registration exemption from, or would not be subject to the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Perpetual Capital Securities are being offered and sold only to investors who are outside of the United States in reliance on Regulation S. See “*Subscription and Sale*” in the Offering Circular for information about eligible offerees.]

[The following language applies if any tranche of the Perpetual Capital Securities is intended to be “qualifying debt securities” (as defined in the Income Tax Act, Chapter 134 of Singapore):

Where interest, distribution, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Capital Securities 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, Chapter 134 of Singapore (the “**Income Tax Act**”), shall not apply if such person acquires such Perpetual Capital Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, distribution, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Capital Securities 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.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under Offering Circular with an earlier date:

Terms used herein shall be deemed to be defined as such for the purposes of the Perpetual Capital Securities Conditions (the “**Conditions**”) set forth in the Offering Circular dated on or about 2 July 2020. This Pricing Supplement contains the final terms of the Perpetual Capital Securities and must be read in conjunction with the Offering Circular dated on or about 2 July 2020 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated on or about 2 July 2020 and are attached hereto.]

Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Perpetual Capital Securities has led to the conclusion that: (i) the target market for the Perpetual Capital Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Perpetual Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Perpetual Capital Securities (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Perpetual Capital Securities (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Perpetual Capital Securities 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**”) or in the United Kingdom (the “**UK**”). 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 Perpetual Capital Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Perpetual Capital Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]¹

[SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”), the Issuer has determined, and hereby notifies all persons, including relevant persons (as defined in Section 309A(1) of the SFA), that the Perpetual Capital Securities [are]/[are not] [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)²

- 1 Issuer: NTUC Income Insurance Co-operative Limited
- 2 (i) Series Number: [●]
- (ii) Tranche Number: [●]

[(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Capital Securities become fungible).]

¹ Insert this legend of “Prohibition of Sales to EEA and UK Retail Investors” is stated as “Applicable”.
² For any Perpetual Capital Securities to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Perpetual Capital Securities pursuant to Section 309B of the SFA prior to the launch of the offer.

- 3 Specified Currency or Currencies: [●]
- 4 Aggregate Nominal Amount:
- (i) Series: [●]
- (ii) Tranche: [●]
- 5 (i) Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued Distributions from [insert date] (in the case of fungible issues only, if applicable)]
- (ii) Net Proceeds: [[●] (Required only for listed issues)]
- 6 (i) Specified Denominations: [●] *If the Specified Denomination is expressed to be EUR 100,000 or its equivalent and multiples of a lower nominal amount (for example EUR 1,000), insert the following:*
- “EUR 100,000 and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Perpetual Capital Securities in definitive form will be issued with a denomination above [EUR 199,000].”*
- Perpetual Capital Securities (including Perpetual Capital Securities denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of GBP 100,000 (or its equivalent in other currencies).*
- (ii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
- (ii) Distribution Commencement Date: [Specify/Issue date/Not Applicable]
- 8 Distribution
- (i) Distribution Basis: [[●]% Fixed Rate [from [●] to [●]]]
[[specify reference rate] +/-[●]% Floating Rate]
[from [●] to [●]]
[Other (specify)]
(further particulars specified below)
- (ii) Distribution Stopper (Condition 5(e)): [Applicable/Not Applicable]

- 9 Redemption/Payment Basis: [Redemption at par]
[Other (*specify*)]
- 10 Change of Distribution or Redemption: [*Specify details of any Payment Basis: provision for convertibility of Perpetual Capital Securities into another Distribution or redemption/payment basis*]
- 11 Call Options: [Issuer Call]
[(further particulars specified below)]
- 12 Listing: [SGX-ST/(*specify*)/None]
- 13 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO DISTRIBUTION PAYABLE

- 14 Fixed Rate Perpetual Capital Security Provisions: [Applicable/Not Applicable/Applicable from and including the [Issue Date/Distribution Payment Date falling on [●]] to but excluding the [Distribution Payment Date falling on [●]]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Distribution:
- (a) Initial Distribution Rate: [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (b) Reset: [Applicable/Not Applicable]
- (A) First Reset Date: [●]
- (B) Reset Date[s]: The First Reset Date and each date falling every [●] after the First Reset Date
- (C) Relevant Rate: [●]
- (D) Initial Spread: [●]
- (ii) Distribution Period: [Each period from and including the [Issue Date]/[Distribution Payment Date falling on [●]] to (but excluding) the [subsequent Distribution Payment Date falling on [●]], except that the first Distribution Period will commence on (and include) the [Issue Date]/[Distribution Payment Date falling on [●]] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on [●]].]

- (iii) Distribution Payment Date(s): [●] in each year [commencing on the [Issue Date/ Distribution Payment Date falling on [●]] and ending on the [Distribution Payment Date falling on [●]]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) (which are set out in paragraph 22 below) for the definition of “Business Day”]/not adjusted]
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Fixed Distribution Amount[(s)]: From (and including) the Distribution Commencement Date to (but excluding) the First Reset Date, [●] per Calculation Amount
- From (and including) the First Reset Date, the respective amounts to be determined pursuant to Item [14(i)(b)] above *For Renminbi or Hong Kong dollar denominated Fixed Rate Perpetual Capital Securities where the Distribution Payment Dates are subject to modification, the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Perpetual Capital Securities, to the nearest CNY 0.01, CNY 0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Perpetual Capital Securities, to the nearest HKD0.01, HKD0.005 being rounded upwards.”*
- (vi) Broken Amount(s): [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- [[●] per Calculation Amount, payable on the Distribution Payment Date falling [in/on] [●]]
- (vii) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (viii) Determination Dates: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- [[●] in each year (insert regular Distribution payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]

- (ix) Other terms relating to the method of calculating Distribution for Fixed Rate Perpetual Capital Securities: [Not Applicable/give details]
- 15 Floating Rate Perpetual Capital Security Provisions: [Applicable/Not Applicable/Applicable from and including the [Issue Date/Distribution Payment Date falling on [●]] to but excluding the [Distribution Payment Date falling on or nearest to [●]]]
- (If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Distribution Period(s): [Each period from and including the [Issue Date]/[Distribution Payment Date falling on [●]] to (but excluding) the [subsequent Distribution Payment Date falling on [●]], except that the first Distribution Period will commence on (and include) the [Issue Date]/[the Distribution Payment Date falling on [●]] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on or nearest to [●]].]
- (ii) Distribution Payment Date(s): [●] in each year [commencing on the [Issue Date/Distribution Payment Date falling on or nearest to [●]] and ending on the [Distribution Payment Date falling on or nearest to [●]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) (which are set out in paragraph 22 below) for the definition of “Business Day”]/not adjusted]
- (iii) Distribution Period End Date: [●]
- (Not applicable unless different from Distribution Payment Date)*
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Manner in which the Rate(s) of Distribution is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Distribution and Distribution Amount(s) (if not the [Agent]): [●]
- (vii) Screen Rate Determination:
- Reference Bank: [●]

- Reference Rate: [●]
- Distribution Determination Date(s): [●]
- Relevant Screen Page: [●]
- Party responsible for calculation of Rate of Distribution: [●] (*Specify where this is not the Calculation Agent*)
- Observation Period Business Days: [●] (*Specify where relevant for Screen Rate Determination where the Reference Rate is Compounded Daily SORA or Compounded Daily SONIA*)

(viii) ISDA Determination:

- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]

(ix) Margin(s): [+/-] [●]% per annum¹

(x) Minimum Rate of Distribution: [●]% per annum

(xi) Maximum Rate of Distribution: [●]% per annum

(xii) Day Count Fraction: [●]

(xiii) Rounding provisions, denominator and any other terms relating to the method of calculating Distribution on Floating Rate Perpetual Capital Securities, if different from those set out in the Conditions: [●]

16 Fall back provisions [Benchmark Discontinuation (General) (Condition 4(i)(i))/Benchmark Discontinuation (ARRC) (Condition 4(i)(ii))/Benchmark Discontinuation (SOR) (Condition 4(i)(iii))/Benchmark Discontinuation (SORA) (Condition 4(i)(iv))/specify other if different from those set out in the Conditions) (Not Applicable for Perpetual Capital Securities linked to BBSW)

- Lookback/Suspension Period: [Not Applicable]/[Specify where relevant for calculation of Compounded SOFR]

¹ Where there are different margins for different Distribution Accrual Periods, no step-up in the Rate of Distribution shall be permitted.

PROVISIONS RELATING TO REDEMPTION

- 17 Call Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Perpetual Capital Security and specified denomination method, if any, of calculation of such amount(s): [●]
- (iii) If redeemable in part:
- Minimum Redemption Amount: [●] per Calculation Amount
 - Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
- 18 Final Redemption Amount of each Perpetual Capital Security: [●] per Calculation Amount
- 19 Early Redemption Amount:
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- 20 Change to Tax Accounting Treatment [Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL CAPITAL SECURITIES

- 21 Form of Perpetual Capital Securities: [Global Certificate ([●] nominal amount) registered in the name of a nominee for [CDP/a common depositary for Euroclear and Clearstream]]
- 22 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]
- 23 Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 24 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
[The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Perpetual Capital Securities after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Perpetual Capital Securities]
- (ii) Stabilisation Coordinator (if any): [Not Applicable/*give name*]
- 25 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
[The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Perpetual Capital Securities after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Perpetual Capital Securities]
- 26 Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable: TEFRA Not Applicable
- 27 Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 28 ISIN Code: [●]
- 29 Common Code: [●]
- 30 Any clearing system(s) other than The Central Depository (Pte) Limited, Euroclear Bank SA/NV and Clearstream Banking S.A., and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 31 Delivery: Delivery [against/free of] payment
- 32 Additional Paying Agent(s) (if any): [●]

GENERAL

- 33 Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]

- 34 Applicable Governing Document: [Trust Deed dated on or about 2 July 2020]
[Singapore Supplemental Trust Deed dated on or about 2 July 2020]
- 35 Governing Law: [English law, save that the provisions in relation to subordination, set-off and payment void, default and enforcement shall be governed by, and construed in accordance with, the laws of Singapore] [Singapore law]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue *[[if listed]*, and admission to trading on the Singapore Exchange Securities Trading Limited] of the Perpetual Capital Securities described herein pursuant to the S\$2,000,000,000 Euro Medium Term Note Programme of the Issuer]

RESPONSIBILITY

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

Signed on behalf of NTUC Income Insurance Co-operative Limited:

By:
Duly authorised

CLEARING AND SETTLEMENT

The following is a summary of the rules and procedures of CDP, Euroclear and Clearstream (together, the “Clearing Systems”), currently in effect, as they relate to clearing and settlement of transactions involving the Notes. The rules and procedures of these systems are subject to change at any time. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arrangers, any Dealer nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Bearer Notes

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through CDP. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note will be deposited with a common depository for Euroclear and Clearstream or with CDP. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal market debt Notes operating procedures of CDP, Euroclear and Clearstream. Each Global Note will have an International Securities Identification Number (“ISIN”) and a Common Code. Investors in Notes of such Series may hold their interests in a Global Note through Euroclear or Clearstream or CDP, as the case may be.

Registered Notes

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes represented by a Global Certificate accepted for clearance through CDP. Each Global Certificate will have an ISIN and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream or CDP, as the case may be.

Individual Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Euroclear and Clearstream or CDP will be permitted only in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form – Exchange*”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions, and such other information as the Issuer and the Registrar may require, to complete, execute and deliver such individual Certificates.

Clearance and Settlement

The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream and CDP (together, the “Clearing Systems”) or any other clearing system currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that Issuer believes to be reliable, but neither the Issuer, the Arrangers, the Trustee, any Agent nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing

Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement, the Arrangers nor any Dealer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The Clearing Systems

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is also available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant Clearing System's rules and procedures.

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the "**CDP System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or a Global Certificate for persons holding the Notes in securities accounts with CDP (the "**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Settlement of over-the-counter trades in the Notes through the CDP System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**") Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the CDP System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Issuing and Paying Agent in Singapore or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

GENERAL INFORMATION

1. Application has been made to SGX-ST for the listing of the Programme. Application will be made to the SGX-ST for the listing of, permission to deal in, and for quotation of, any Notes to be issued which are agreed at the time of issue to be listed on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed herein. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Programme, the Notes, the Issuer, its subsidiaries and/or associated companies.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Singapore in connection with the establishment of the Programme. The establishment of the Programme was approved by the Board of Directors of the Issuer on 12 May 2020.
3. There has been no material adverse change in the financial position of the Issuer since 31 December 2019.
4. The Issuer is not, and has not been, involved in any litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position of the Issuer and as of the date of this Offering Circular.
5. Notes have been accepted for clearance through the Euroclear and Clearstream systems (which are entities in charge of keeping the records). The Issuer may also apply to have Notes accepted for clearance through CDP. The Common Code and the ISIN for each Series of Notes will be set out in the applicable Pricing Supplement.
6. The Legal Entity Identifier (LEI) of the Issuer is H0DVMU0L02TWMCXB1I98.
7. The issue price and the amount of the relevant Notes will be determined based on then prevailing market conditions before filing of the applicable Pricing Supplement of each Tranche with the SGX-ST (with respect to Notes listed on the SGX-ST). The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
8. From the date of this Offering Circular and for so long as any Notes are outstanding under the Programme, the following documents will be available, during usual business hours (being between 9:00 a.m. and 3:00 p.m.) on any weekday (Saturdays, Sundays and gazetted public holidays excepted), for inspection at (a) the registered office of the Issuer and (b) provided that the same have been provided to the Trustee or, as the case may be, the Issuing and Paying Agent by the Issuer, the principal office of the Trustee (being at the date of this Offering Circular at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #45-01, Singapore 018983) and at the specified office of the Issuing and Paying Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Issuing and Paying Agent:
 - (i) the Trust Deed in respect of the Notes;
 - (ii) the Singapore Supplemental Trust Deed in respect of the Notes;
 - (iii) the Agency Agreement in respect of the Notes;
 - (iv) the audited consolidated financial statements of the Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017;

- (v) the latest audited consolidated financial statements of the Group which are published after the date of this Offering Circular;
- (vi) each Pricing Supplement (save that each Pricing Supplement relating to a Note which is not listed on a stock exchange will only be available for inspection by a holder of such Note and such holder must provide evidence satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent as to its holding and its identity); and
- (vii) a copy of this Offering Circular or any further Offering Circular and any supplementary Offering Circular.

INDEX TO FINANCIAL INFORMATION

The information in this section has been reproduced from the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Offering Circular.

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INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

MEMBERS OF THE CO-OPERATIVE NTUC INCOME INSURANCE CO-OPERATIVE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

We have audited the financial statements of NTUC Income Insurance Co-operative Limited ('the Co-operative') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 42 to 150.

In our opinion, except for the effects of the matter described in the '*Basis for qualified opinion*' section of our report, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Co-operative Societies Act, Chapter 62 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Group as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for qualified opinion

As stated in Notes 2(s) and 20 to the financial statements, the share capital held by common shareholders and treasury shares of the Co-operative do not qualify as equity in accordance with the provisions of Financial Reporting Standard 32 *Financial Instruments: Presentation* and should instead be presented as financial liabilities. Had this been done, in respect of the common share capital of \$327,871,000 (2018: \$327,791,000) less the corresponding treasury shares of \$14,159,000 (2018: \$14,159,000) would be reflected as financial liabilities, and dividends paid to common shareholders of \$18,797,000 (2018: \$52,563,000) may be reflected as a finance cost instead of a distribution to participating members.

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of insurance contract provisions (Refer to Note 3, 4(a), 4(b), 15 and 32 to the financial statements)

The key audit matter

The Group's insurance business comprises life and general insurance contracts. The Group has significant insurance contract provisions (including insurance contract provisions included in liabilities held for sale) representing more than 92% of its total liabilities. Valuation of insurance contract provisions is inherently judgemental and subjective. The methodologies and assumptions adopted are crucial to the valuation of the insurance contract provisions so that sufficient amounts are held to meet expected obligations.

- i) Life insurance contract provisions
Economic assumptions such as investment return and interest rates, and non-economic assumptions such as mortality, morbidity and policyholder persistency are some of the key inputs used to estimate the Group's life insurance contract liabilities.

In addition to historical experience, management judgement is involved in the application of these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the life insurance contract liabilities and the related movements in the consolidated statement of comprehensive income.

How was the matter addressed in our audit

We used our internal actuarial specialists to assist us in performing audit procedures including:

- Reviewed the reasonableness of the actuarial valuation methodologies used against regulatory requirements and industry practices, as applicable;
- Reviewed the reasonableness of key assumptions with reference to historical trends and experience. Where applicable, we benchmarked the assumptions to those applied by other insurers with similar insurance contracts;
- Reviewed the relevant experience investigations to verify that the assumptions applied are consistent with the Group's experience;
- Reviewed the reasonableness of the movement analysis of provisions to understand the key drivers of the changes during the year; and
- Considered the adequacy of disclosures in the financial statements.

Findings

Based on our above procedures, we considered the methodologies and assumptions used in the valuation of the life insurance contract provisions (including insurance contract provisions included in liabilities held for sale) to be in accordance with relevant requirements. We also conclude that the disclosures on the valuation methodologies and assumptions applied and sensitivity analysis (Note 3) and the insurance risk management note (Note 4 (a)) to be in accordance with relevant requirements.

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Valuation of insurance contract provisions (Refer to Note 3, 4(a), 4(b), 15 and 32 to the financial statements)

ii) General insurance contract provisions

General insurance contract provisions include the provision for claims and loss adjustment expenses and the provision for unexpired risk. These are determined based on historical claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Estimates have to be made for both the expected ultimate cost of claims reported at the reporting date, and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

The estimation of general insurance contract liabilities is sensitive to various assumptions applied including most significantly the assumed loss ratio. Management judgement is applied in setting these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the general insurance contract liabilities and the related movements in the statement of comprehensive income.

How was the matter addressed in our audit

We used our internal actuarial specialists to assist us in performing audit procedures including:

- Reviewed the reasonableness of the actuarial valuation methodologies used against regulatory requirements and industry practices, as applicable;
- Reviewed the reasonableness of key assumptions with reference to historical trends and experience. Where applicable, we benchmarked the assumptions to those used by other insurers with similar insurance contracts;
- Reviewed the reasonableness of the movement analysis of provisions to understand the key drivers of the changes over the year;
- Re-computed the insurance contract provisions for all classes of business, using management's selected methodologies and assumptions to ascertain the accuracy of the calculation;
- Analysed independently all key classes of general insurance business using our internal actuarial selected methodology and assumptions to determine a reasonable range of best estimates, and compared the Group's calculated result against that range; and
- Considered the adequacy of disclosures in the financial statements.

Findings

Based on our above procedures, we considered the methodologies and assumptions used in the valuation of the general insurance contract provisions were in accordance with relevant requirements. We also conclude that the disclosures on the valuation methodologies and assumptions applied and sensitivity analysis (Note 3) and the insurance risk management note (Note 4(b)) to be in accordance with relevant requirements.

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Valuation of other financial assets classified as Level 3 under the fair value hierarchy (Refer to Note 4(f), 11 and 32 to the financial statements)

The key audit matter

The Group's investment portfolio (including other financial assets in assets held for sale) represents more than 87% of its total assets. Of the financial instruments that are carried at fair value in the Group's consolidated financial statements as at 31 December 2019, the areas that involved significant judgement were the valuation of unquoted funds, debt and equities, representing approximately 6% of the Group's total investments.

These financial instruments are classified as Level 3 in the fair value hierarchy, where their fair values are measured using significant unobservable inputs such as the net asset value of the investee funds or companies.

How was the matter addressed in our audit

We assessed whether fair values of the Level 3 financial instruments are reasonable by performing the following procedures:

- Discussed with management on the valuation approaches for these Level 3 instruments to assess the appropriateness of the basis of valuations;
- Reviewed management's sensitivity analysis in respect of the key assumptions used to assess the impact, if any, to the valuation;
- Obtained independent confirmations to ascertain the reliability of inputs used in the valuations;
- Evaluated the reliability of valuation approaches used in the valuation of Level 3 instruments by performing look-back procedures to compare prior year inputs to the investees' audited financial statements; and
- Assessed the adequacy of disclosures in the financial statements on the fair value measurement basis.

Findings

The valuation methods applied are in line with generally accepted market practices and the valuations are consistent with external net assets valuation reports. We also found that the disclosures on fair value measurement (Note 4(f)) to be in accordance with relevant requirements.

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Valuation of investment properties (Refer to Note 4(f) and 7 to the financial statements)

The key audit matter

The Group owns a portfolio of investment properties comprising commercial, industrial and residential properties. These investment properties are carried at fair values as determined by independent professional valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied such as the capitalisation rates and discount rates; where a change in the assumptions can have a significant impact to the valuation.

How was the matter addressed in our audit

We assessed whether the fair values of the investment properties are reasonable by performing the following procedures:

- Inquired and assessed management's basis of determining fair values of investment properties;
- Evaluated the competency and objectivity of the independent property valuers;
- Assessed the appropriateness and reasonableness of the valuation methodologies and key assumptions used by the independent property valuers such as the capitalisation rates, discount rates, rental growth rates and estimated rental rates;
- Reviewed management's computation and accounting treatment of fair value changes; and
- Assessed the adequacy of disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Findings

The Group has a process in appointing and instructing valuers, and in reviewing, challenging and accepting their valuations. A full valuation was performed by the valuers on the Group's portfolio of investment properties at the reporting date. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. We also found that the disclosures on the fair value measurement (Note 4(f)) to be in accordance with relevant requirements.

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In our opinion:

- (a) the receipt, expenditure, investment of moneys and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act); and
- (b) proper accounting and other records have been kept by the Co-operative.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the compliance audit*' section of our report. We are independent of the Group in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act). This responsibility includes monitoring related compliance requirements relevant to the Co-operative, and implementing internal controls as management determines are necessary to enable compliance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act).



INDEPENDENT AUDITORS' REPORT

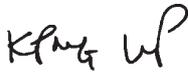
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Auditors' responsibilities for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act).

Our compliance audit includes obtaining an understanding of the internal controls relevant to the receipt, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Goh Kim Chuah.



KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
27 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

The Group 2019							
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
ASSETS							
Property, plant and equipment	5	59,990	–	–	–	729	60,719
Intangible assets	6	49,875	215	–	–	21,932	72,022
Investment properties	7	1,953,545	–	–	–	–	1,953,545
Investment in joint venture	9	153,970	–	–	–	–	153,970
Investment in associated companies	10	408,570	–	–	–	249,902	658,472
Other financial assets	11	26,860,295	3,618,456	2,419,817	1,345,753	1,112,186	35,356,507
Loans	13	679,330	196	–	–	–	679,526
Derivative financial instruments	14	190,857	11,969	2,942	5,644	9,782	221,194
Reinsurers' share of insurance contract provisions	15	–	–	–	45,695	–	45,695
Insurance and other receivables	16	223,308	14,112	33,559	32,159	107,508	410,646
Cash and cash equivalents	17	415,478	125,575	55,489	45,903	33,716	676,161
Assets held for sale	32	–	1,650,541	–	–	–	1,650,541
		30,995,218	5,421,064	2,511,807	1,475,154	1,535,755	41,938,998
LIABILITIES							
Insurance contract provisions	15	28,723,969	1,864,432	2,450,079	695,311	–	33,733,791
Investment contract liabilities		4,075	–	–	–	–	4,075
Derivative financial instruments	14	74,853	3,086	1,311	2,144	2,862	84,256
Borrowings	18	464,367	–	–	–	599,582	1,063,949
Insurance and other payables	19	1,191,548	114,185	56,269	142,811	47,467	1,552,280
Liabilities held for sale	32	–	1,644,794	–	–	–	1,644,794
		30,458,812	3,626,497	2,507,659	840,266	649,911	38,083,145
NET ASSETS		536,406	1,794,567	4,148	634,888	885,844	3,855,853
SHARE CAPITAL AND RESERVES							
Share capital	20	–	–	–	–	988,459	988,459
Treasury shares		–	–	–	–	(14,159)	(14,159)
Reserves for future distribution	21	–	150,240	–	–	–	150,240
Fair value reserve		–	5,677	–	35,014	73,114	113,805
Accumulated deficit of Shareholders' Fund	29	–	–	–	–	(161,570)	(161,570)
Accumulated surplus of insurance funds							
– Life insurance par fund	28	530,197	–	–	–	–	530,197
– Other Insurance Funds	29	–	1,638,650	4,148	599,874	–	2,242,672
		530,197	1,794,567	4,148	634,888	885,844	3,849,644
Non-controlling interest		6,209	–	–	–	–	6,209
Total equity		536,406	1,794,567	4,148	634,888	885,844	3,855,853

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

The Group 2018							
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
ASSETS							
Property, plant and equipment	5	10,381	–	–	–	178	10,559
Intangible assets	6	48,749	269	–	–	7,688	56,706
Investment properties	7	1,921,194	–	–	–	–	1,921,194
Investment in joint venture	9	107,075	–	–	–	–	107,075
Investment in associated companies	10	407,393	–	–	–	251,933	659,326
Other financial assets	11	23,930,751	4,223,227	2,102,077	1,325,986	1,028,458	32,610,499
Loans	13	692,461	53	–	–	–	692,514
Derivative financial instruments	14	113,157	6,570	1,659	2,115	6,748	130,249
Reinsurers' share of insurance contract provisions	15	–	–	–	43,302	–	43,302
Insurance and other receivables	16	150,680	21,283	17,643	27,298	109,618	326,522
Cash and cash equivalents	17	423,331	96,708	53,913	41,515	29,087	644,554
Assets held for sale		–	–	–	–	–	–
		27,805,172	4,348,110	2,175,292	1,440,216	1,433,710	37,202,500
LIABILITIES							
Insurance contract provisions	15	26,017,373	2,570,244	2,122,726	668,421	–	31,378,764
Investment contract liabilities		7,239	–	–	–	–	7,239
Derivative financial instruments	14	62,718	1,714	1,567	29	1,523	67,551
Borrowings	18	417,291	–	–	–	599,435	1,016,726
Insurance and other payables	19	833,125	147,093	47,042	130,136	46,650	1,204,046
Liabilities held for sale		–	–	–	–	–	–
		27,337,746	2,719,051	2,171,335	798,586	647,608	33,674,326
NET ASSETS		467,426	1,629,059	3,957	641,630	786,102	3,528,174
SHARE CAPITAL AND RESERVES							
Share capital	20	–	–	–	–	988,379	988,379
Treasury shares		–	–	–	–	(14,159)	(14,159)
Reserves for future distribution	21	–	500,142	–	–	–	500,142
Fair value reserve		–	1,341	–	22,230	16,815	40,386
Accumulated deficit of Shareholders' Fund	29	–	–	–	–	(204,933)	(204,933)
Accumulated surplus of insurance funds							
– Life insurance par fund	28	461,790	–	–	–	–	461,790
– Other Insurance Funds	29	–	1,127,576	3,957	619,400	–	1,750,933
		461,790	1,629,059	3,957	641,630	786,102	3,522,538
Non-controlling interest		5,636	–	–	–	–	5,636
Total equity		467,426	1,629,059	3,957	641,630	786,102	3,528,174

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group					
		2019					
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Gross premiums		1,903,876	1,352,238	317,159	367,961	–	3,941,234
Reinsurance premiums		(17,767)	(3,804)	(172)	(24,195)	–	(45,938)
Net premiums		1,886,109	1,348,434	316,987	343,766	–	3,895,296
Fee and other income	22	18,148	57	45	5,816	3,640	27,706
Net investment income / (losses) and fair value gains / (losses)	23	2,685,489	326,898	291,506	65,403	68,106	3,437,402
Total		4,589,746	1,675,389	608,538	414,985	71,746	7,360,404
Benefits and claims							
Gross claims, surrenders and annuities		1,594,856	496,993	259,828	206,952	–	2,558,629
Bonus to policyholders		276,042	–	–	–	–	276,042
Increase / (Decrease) in insurance contract provisions		2,459,065	871,971	327,353	11,305	–	3,669,694
Less: Reinsurers' share of insurance benefits and claims		(4,033)	(1,841)	–	(10,125)	–	(15,999)
Net insurance benefits and claims		4,325,930	1,367,123	587,181	208,132	–	6,488,366
Expenses							
Interest expenses	18	12,502	383	51	222	22,102	35,260
Selling expenses		97,749	50,576	17,593	65,946	7,081	238,945
Management expenses	24	76,365	79,260	5,972	69,655	40,529	271,781
Total claims and expenses		4,512,546	1,497,342	610,797	343,955	69,712	7,034,352
Net operating surplus / (deficit)		77,200	178,047	(2,259)	71,030	2,034	326,052
Transfer (to) / from insurance contract provisions		(48,038)	–	–	–	–	(48,038)
Transfer to Shareholders' Fund		(8,793)	–	–	–	8,793	–
Contribution to Central Co-operative Fund		–	–	–	–	(25)	(25)
Contribution to Singapore Labour Foundation		–	–	–	–	(18,123)	(18,123)
Share of result of associated companies and joint venture	9/10	48,072	–	–	–	4,135	52,207
Net surplus / (deficit) for the year		68,441	178,047	(2,259)	71,030	(3,186)	312,073

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group 2018							
Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000	
Gross premiums	2,063,412	873,585	353,833	341,089	–	3,631,919	
Reinsurance premiums	(7,663)	(3,485)	(55)	(21,921)	–	(33,124)	
Net premiums	2,055,749	870,100	353,778	319,168	–	3,598,795	
Fee and other income	22	14,621	64	12	5,749	128,505	148,951
Net investment income / (losses) and fair value gains / (losses)	23	141,502	45,151	(91,370)	17,445	27,997	140,725
Total		2,211,872	915,315	262,420	342,362	156,502	3,888,471
Benefits and claims							
Gross claims, surrenders and annuities	1,619,689	578,679	238,167	208,593	–	2,645,128	
Bonus to policyholders	266,066	–	–	–	–	266,066	
Increase / (Decrease) in insurance contract provisions	135,533	203,099	4,748	(7,751)	–	335,629	
Less: Reinsurers' share of insurance benefits and claims	(6,035)	(2,040)	–	(7,796)	–	(15,871)	
Net insurance benefits and claims		2,015,253	779,738	242,915	193,046	–	3,230,952
Expenses							
Interest expenses	18	9,453	–	–	22,042	31,495	
Selling expenses		95,154	38,222	17,502	5,961	213,750	
Management expenses	24	72,099	72,742	6,057	19,953	241,693	
Total claims and expenses		2,191,959	890,702	266,474	320,799	47,956	3,717,890
Net operating surplus / (deficit)		19,913	24,613	(4,054)	21,563	108,546	170,581
Transfer (to) / from insurance contract provisions		(64,389)	–	–	–	(64,389)	
Transfer to Shareholders' Fund		(8,283)	–	–	8,283	–	
Contribution to Central Co-operative Fund		–	–	–	(25)	(25)	
Contribution to Singapore Labour Foundation		–	–	–	(21,897)	(21,897)	
Share of result of associated companies and joint venture	9/10	64,405	–	–	5,755	70,160	
Net surplus / (deficit) for the year		11,646	24,613	(4,054)	21,563	100,662	154,430

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group					Total \$'000
		Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Share capital							
At 1 January 2019		–	–	–	–	988,379	988,379
Issuance of common shares	20	–	–	–	–	1,462	1,462
Redemption of common shares	20	–	–	–	–	(1,382)	(1,382)
At 31 December 2019		–	–	–	–	988,459	988,459
At 1 January 2018		–	–	–	–	988,083	988,083
Issuance of common shares	20	–	–	–	–	1,749	1,749
Redemption of common shares	20	–	–	–	–	(1,453)	(1,453)
At 31 December 2018		–	–	–	–	988,379	988,379
Accumulated surplus							
At 1 January 2019		461,790	1,127,576	3,957	619,400	(204,933)	2,007,790
Net surplus / (deficit) for the year		68,407	178,047	(2,259)	71,030	(3,186)	312,039
Transfer of surplus (to) / from reserves for future distribution		–	(22,188)	–	–	–	(22,188)
Transfer (to) / from reserves for future distribution		–	372,090	–	–	–	372,090
Transfer to Shareholders' Fund		–	(14,425)	–	(90,556)	104,981	–
Transfer between Insurance Funds		–	(2,450)	2,450	–	–	–
Dividends for 2018 paid	27	–	–	–	–	(58,432)	(58,432)
At 31 December 2019		530,197	1,638,650	4,148	599,874	(161,570)	2,611,299
At 1 January 2018		450,160	1,115,070	1,561	681,609	(356,040)	1,892,360
Net surplus / (deficit) for the year		11,630	24,613	(4,054)	21,563	100,662	154,414
Transfer of surplus (to) / from reserves for future distribution		–	4,257	–	–	–	4,257
Transfer (to) / from reserves for future distribution		–	9,322	–	–	–	9,322
Transfer to Shareholders' Fund		–	(19,236)	–	(83,772)	103,008	–
Transfer between Insurance Funds		–	(6,450)	6,450	–	–	–
Dividends for 2017 paid	27	–	–	–	–	(52,563)	(52,563)
At 31 December 2018		461,790	1,127,576	3,957	619,400	(204,933)	2,007,790
Fair value reserve							
At 1 January 2019		–	1,341	–	22,230	16,815	40,386
Comprehensive income for the year		–	4,336	–	12,784	56,299	73,419
At 31 December 2019		–	5,677	–	35,014	73,114	113,805
At 1 January 2018		–	203	–	7,475	64,971	72,649
Comprehensive income for the year		–	1,138	–	14,755	(48,156)	(32,263)
At 31 December 2018		–	1,341	–	22,230	16,815	40,386

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group					Total \$'000
		Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Reserves for future distribution							
At 1 January 2019		–	500,142	–	–	–	500,142
Transfer of surplus (to) / from accumulated surplus		–	22,188	–	–	–	22,188
Transfer (to) / from accumulated surplus		–	(372,090)	–	–	–	(372,090)
At 31 December 2019	21	–	150,240	–	–	–	150,240
At 1 January 2018		–	513,721	–	–	–	513,721
Transfer of surplus (to) / from accumulated surplus		–	(4,257)	–	–	–	(4,257)
Transfer to accumulated surplus		–	(9,322)	–	–	–	(9,322)
At 31 December 2018	21	–	500,142	–	–	–	500,142
Treasury shares							
At 1 January 2019		–	–	–	–	(14,159)	(14,159)
At 31 December 2019		–	–	–	–	(14,159)	(14,159)
At 1 January 2018		–	–	–	–	(14,159)	(14,159)
At 31 December 2018		–	–	–	–	(14,159)	(14,159)
At 31 December 2019		530,197	1,794,567	4,148	634,888	885,844	3,849,644
At 31 December 2018		461,790	1,629,059	3,957	641,630	786,102	3,522,538
Equity of non-controlling interest							
At 1 January 2019		5,636	–	–	–	–	5,636
Comprehensive income for the year		573	–	–	–	–	573
At 31 December 2019		6,209	–	–	–	–	6,209
At 1 January 2018		5,109	–	–	–	–	5,109
Comprehensive income for the year		527	–	–	–	–	527
At 31 December 2018		5,636	–	–	–	–	5,636
Total at 31 December 2019		536,406	1,794,567	4,148	634,888	885,844	3,855,853
Total at 31 December 2018		467,426	1,629,059	3,957	641,630	786,102	3,528,174

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Net surplus for the year		312,073	154,430
Adjustments for:			
Contribution to Central Co-operative Fund and Singapore Labour Foundation		18,148	21,922
Depreciation of property, plant and equipment	5	8,537	3,159
Amortisation of bonds, borrowing and finance cost		–	1,033
Amortisation of intangible assets	6/10	25,499	15,260
Interest income	23	(41,999)	(41,481)
Dividend income	23	(335,181)	(309,101)
Interest expense		35,260	31,495
(Gain) / loss on changes in fair value of other financial assets	23	(2,897,274)	169,131
(Gain) / loss on changes in fair value of derivatives	23	(196,828)	84,247
Gain on changes in fair value of investment properties	23	(18,457)	(49,357)
Loss on disposal of investment properties	23	–	15
Loss on disposal of property, plant and equipment and intangible assets		201	–
Allowance for impairment made during the year	23	31,385	–
Allowance for doubtful loans written back	23	(63)	(42)
Loans written back	23	(39)	(53)
(Written back) / allowance for doubtful receivables made during the year	16	(1,102)	212
Bonus to policyholders		276,042	266,066
Decrease in reinsurers' share of insurance contract provision		(2,393)	(10,996)
Increase in insurance contract provisions		2,078,985	467,371
Share of profit of associated companies and joint venture		(52,207)	(70,160)
Other income		–	(128,505)
Other non-cash adjustment		539	557
Assets and liabilities held for sale		(5,747)	–
Operating cash flows before changes in working capital		(764,621)	605,203
Changes in working capital:			
Insurance and other receivables		(81,808)	(44,128)
Insurance and other payables		328,158	74,209
Investment contract liabilities		(3,164)	(3,215)
Cash used in operations		(521,435)	632,069
Net cash flows (used in) / from operating activities		(521,435)	632,069
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(8,271)	(5,187)
Purchase of intangible assets	6	(33,994)	(26,090)
Purchase of investment properties	7	(13,894)	(1,836)
Proceeds from disposal of associates		–	2,296
Proceeds from disposal of investment properties		–	1,205
Capital injection into an associate		(850)	–
Interest received		824,181	726,399
Dividends received		332,554	309,902
Increase in other financial assets and derivative instruments (net)		(464,881)	(1,498,362)
Increase in loans		13,090	3,556
Net cash flows from / (used in) investing activities		647,935	(488,117)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from financing activities			
Proceeds from issuance of common shares	20	1,462	1,749
Redemption of common shares	20	(1,382)	(1,453)
Payment of lease liabilities	18	(2,318)	–
Dividends paid	27	(58,432)	(52,563)
Interest paid	18	(34,223)	(32,892)
Net cash flows used in financing activities		(94,893)	(85,159)
Net increase in cash and cash equivalents			
		31,607	58,793
Cash and cash equivalents at beginning of the year		644,554	585,761
Cash and cash equivalents at end of the year	17	676,161	644,554

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL

NTUC Income Insurance Co-operative Limited (the "Co-operative") is domiciled in Singapore and constituted under the Co-operative Societies Act (Chapter 62) ("the Act"). The address of the Co-operative's registered office is 75 Bras Basah Road, Income Centre, Singapore 189557.

The principal activities of the Co-operative consist of the underwriting of life and general insurance business, and carrying out investment activities incidental to its business. The principal activities of its subsidiaries are investment holding, owning and leasing an investment property, operator of retail and referral services and financial advisory services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Co-operative and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees. The subsidiaries are consolidated into the respective funds.

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs"), under the historical cost convention except as disclosed in the accounting policies below. The basis for preparation of the financial statements is fund accounting.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 – classification of insurance and investment contracts
- Note 7 – classification of investment properties

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are made are disclosed in Note 3. At the reporting date, these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

A number of new standards, amendments to standards and interpretations are effective for annual period 1 January 2019, and have been applied in preparing these financial statements. None of these have a significant effect on the financial statements of the Group.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fund accounting

The assets and liabilities of the Co-operative which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act, Chapter 142 ("the Insurance Act"). Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 of the Insurance Act and the Co-operative continues to be able to meet the solvency requirement of Section 18 of the Insurance Act.

Life Insurance Participating Fund ('Par Fund')

The Life Insurance Par Fund contains all the individual participating life insurance contracts and certain non-participating life insurance contracts.

Participating life insurance contracts are contracts that contain a discretionary participating feature ("DPF"). This feature entitles the policyholders to receive additional benefits in the form of annual and terminal bonuses. The amount or timing of the bonus declaration is not guaranteed, and is at the sole discretion of the Group.

Life Insurance Non-Participating Fund ('Non-Par Fund')

The Life Insurance Non-Par Fund contains the health insurance and group term insurance businesses and non-participating life insurance contracts, which also include the IncomeShield plans, ElderShield Scheme and the Dependants' Protection Scheme.

Investment-Linked Fund

The Investment-Linked Fund contains the business of all investment-linked insurance contracts.

General Insurance Fund

The General Insurance Fund contains the business of all the general insurance contracts.

Shareholders' Fund

The Shareholders' Fund contains the capital contributions made by shareholders, net of transfers to and from the insurance funds and net assets relating to other non-insurance businesses.

(c) Insurance contracts

(i) Recognition and measurement

Life Insurance Contracts

Premium revenue

Premiums from life insurance in-force insurance contracts, including annuities, are recognised as revenue on the due date. The outstanding premiums are included in "Insurance and other receivables" in the statement of financial position.

Premiums received in advance before the due dates are not recognised as revenue. They are recorded as advance premiums and included in "Insurance and other payables" in the statement of financial position until they are recognised as revenue when they fall due or when policy is issued.

Claims

Claims include maturities, annuities, surrenders and death claims. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when paid. Death claims are recognised when notified.

All expense charges deducted from the investment-linked insurance contracts are recognised as income by the Life Insurance Par Fund for products introduced prior to 2009. For products introduced from 2009, these expense charges are recognised as income by the Investment-Linked Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(i) Recognition and measurement (continued)

Life Insurance Contracts (continued)

Claims (continued)

If the insurance benefit arising from a death claim exceeds the surrender value of an investment-linked policy, the additional benefit exceeding the surrender value is paid out of the Life Insurance Par Fund for products introduced prior to 2009 and paid out of the Investment-Linked Fund for products introduced from 2009.

Bonuses to policyholders

All participating life insurance contracts have discretionary participating features. These features entitle the policyholders to receive, as a supplement to guaranteed benefits, additional benefits or bonuses. Reversionary bonuses and cash dividends declared are based on the results of annual actuarial valuations in accordance with Insurance Regulations as advised by the Appointed Actuary. The amount or timing of the bonus declaration is not guaranteed, and is at the sole discretion of the Group. The Board of Directors approves the amount of bonus declared to policyholders of participating plans every year.

Insurance contract provisions

The valuation of insurance contract liabilities is determined according to the Insurance Act and Insurance (Valuation and Capital) Regulations 2004 for life insurance funds. The measurement basis for investment-linked insurance contracts and contracts with discretionary participation features issued by the Group all reflect changes in the fair value of the investments backing the contracts. Changes in the value of all insurance contract liabilities are included in profit or loss.

(i) *Life Insurance Par Fund*

Provision for future participating and certain non-participating benefits in the Life Insurance Par Fund are established using a discounted prospective cash-flow method. It includes the current best estimate of future contractual premiums, expected claims, provisions for adverse deviation and the costs of maintaining the contracts and future renewal expenses. The liability in respect of the Life Insurance Par Fund is the highest of the gross premium valuation method, the minimum condition liability or the value of policy assets of the fund.

(ii) *Life Insurance Non-Par Fund*

Insurance contract provisions in the Life Insurance Non-Par Fund include provisions for future non-participating benefits, claims and loss adjustment expenses, provisions for adverse deviation and unexpired risks. Provision for future non-participating benefits is established using a discounted prospective cash-flow method. It includes the current best estimate of future contractual premiums, expected claims, provisions for adverse deviation and the costs of maintaining the contracts and future renewal expenses. Provisions for claims and loss adjustment expenses and unexpired risks are established based on the same approach used in the General Insurance Fund.

(iii) *Investment-Linked Fund*

Provision for investment-linked insurance contracts is based on the carrying amount of the net assets of the Investment-Linked Fund at the reporting date. Provisions for future non unit liabilities are based on the same approach used in the Life Insurance Non-Par Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(i) Recognition and measurement (continued)

General Insurance Contracts

Premium revenue

Premiums are recognised as written from the commencement date of insurance cover. Written premiums are reported in the financial statements on a gross basis, inclusive of commission payable to intermediaries.

Premiums received in advance before commencement date of insurance cover are not recognised as revenue. They are recorded as advance premiums and included in "Insurance and other payables" in the statement of financial position until they are recognised as revenue when insurance cover commences.

Claims

Claims incurred comprise claims paid during the financial year, net of salvage and subrogation recoveries, and changes in provision for insurance claims.

Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell salvaged property (salvage) or sue liable third parties (subrogation) in recovering the cost of losses.

Reasonable estimates of the salvage recoveries or subrogation reimbursements are included as an allowance in the measurement of the insurance liability for claims, and recognised in other assets when the liability is settled.

Insurance contract provisions – General Insurance Fund

The valuation of insurance contract liabilities is determined according to the Insurance Act and Insurance (Valuation and Capital) Regulations 2004 for general insurance funds.

Provision for unexpired risks

Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency.

The provision for unearned premiums represents premiums written for risks that have not yet expired. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract.

Additional provision for premium deficiency is made where the expected future claim costs and expenses and a provision for adverse deviation exceed the provision for unearned premiums.

Provision for insurance claims

Provision is made for all outstanding claims as at the reporting date. This provision includes all unpaid claims, claims incurred but not reported, the anticipated direct and indirect costs of settling these claims and a provision for adverse deviation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(i) Recognition and measurement (continued)

Investment Contracts

Amounts collected on investment contracts, which primarily involve the transfer of financial risk are accounted for using deposit accounting. The liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. Claim and/or benefit settlement is adjusted directly against the value of investment contract liabilities.

(ii) Embedded derivatives in insurance contracts

The Group does not need to separately measure at fair value the policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate), even if the exercise price differs from the carrying amount of the host insurance liability. This is in accordance with FRS 104 *Insurance Contracts*.

Options and guarantees inherent in some insurance contracts which are closely related to the host contract issued by the Group are not required to be separated and measured at fair value.

All revenue, benefit payments, expenses and valuation of future benefits payments including investment components are recognised in profit or loss.

(iii) Impact on unrealised gains or losses on available-for-sale assets on liabilities from insurance contracts – Life Insurance Par Fund

Changes in insurance contract liabilities within Life Insurance Par Fund which are due to the unrealised gains or losses arising from available-for-sale assets are recognised directly in the fair value reserve to match the corresponding unrealised gains or losses arising from available-for-sale assets.

(iv) Accumulated surplus – Life Insurance Par Fund

The accumulated surplus within the Life Insurance Par Fund represents the maximum amount of the surplus arising from the Life Insurance Par Fund that could be transferred to the Shareholders' Fund each year. It has been the Group's practice that only a portion of the surplus will be transferred to the Shareholders' Fund.

(v) Reinsurance

The Group enters into reinsurance contracts in the normal course of business to diversify its risks and limit its net loss potential. Assets, liabilities, income and expense arising from the reinsurance contracts and co-insurance arrangements are presented separately from the assets, liabilities, income and expense from the related insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence that the Group may not recover all amounts due from the reinsurer. The impairment loss is charged to profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(vi) Liability adequacy tests

At each reporting date, liability adequacy tests are performed to assess the adequacy of the insurance liabilities estimates. Current best estimates of future contractual cash flows, expected future claims handling, acquisition and administration costs, if any, are projected at best estimate assumptions, and discounted at rates that are close to the Group prospective investment return. Any deficiency is charged to profit or loss in the statement of comprehensive income.

(d) Revenue

Gross premium

The accounting policy for the recognition of gross premium is disclosed in Note 2(c)(i).

Fee and other income

Fee and other income comprises reinsurance commission income (including reinsurance profit commission income) and management and other fees.

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts (see Note 2(c)).

Reinsurance profit commission income is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

Management and other fees comprise fund management fees, mortality fees, policy fees and fund switch fees relating to Investment-Linked Fund.

Management and other fees are recognised as revenue on a straight-line basis over the period the service is provided.

Investment income

Investment income comprises of rental income from investment properties, dividend and interest income from financial assets and interest income on loans and bank deposits, and gains or losses on sale of investments.

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the operating lease.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Dividend income is recognised when the right to receive payment is established.

Gains or losses on sale of investments are derived from the difference between net sales proceeds and the purchase or amortised cost. They are recognised on trade date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Employee compensation

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Short-term employee benefits

Short-term employee benefits are recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the reporting date.

(f) Contributions to Central Co-operative Fund and Singapore Labour Foundation

Under the Act, the surplus of a Co-operative society is subject to a levy payable to the Central Co-operative Fund (the "CCF") and/or the Singapore Labour Foundation (the "SLF"). A levy of 5% of the first \$500,000 of surplus is payable to the CCF. A levy of 20% of the surplus for amounts above \$500,000 is payable to either the SLF or CCF as the Co-operative may opt.

(g) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Singapore Dollars which is the functional currency of the Co-operative and are rounded to the nearest thousand, unless otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into Singapore Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in fair values of available-for-sale debt securities denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve.

Changes in fair values of available-for-sale equity securities are recognised in the fair value reserve, together with the related currency translation differences.

Translation differences on investments designated at fair value through profit or loss, are reported as part of the fair value gain or loss.

(h) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Basis of consolidation (continued)

(i) Subsidiaries (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Co-operative. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position.

Total comprehensive income is attributed to the non-controlling interests based on their respective interests in the subsidiary, even if this results in non-controlling interests having a deficit balance.

Business combinations

The acquisition method in accordance with FRS 103 *Business Combinations* is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Transactions with non-controlling interests

Changes in the Co-operative's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Co-operative.

(ii) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities. The Group's interest in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Basis of consolidation (continued)

(ii) Joint ventures (continued)

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint ventures over the Group's share of the fair value of the identifiable net assets of the joint ventures and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has legal or constructive obligations or has made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains or losses arising from partial disposals or dilutions in investments in joint ventures are recognised in profit or loss.

The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated companies and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements and distributions are adjusted against the carrying amount of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Basis of consolidation (continued)

(iii) Associated companies (continued)

When the Group's share of losses in associated companies equals or exceeds its interest in the associated companies, the Group does not recognise further losses, unless it has legal or constructive obligations or has made payments on behalf of the associated companies. If the associated companies subsequently report profit, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is re-measured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Included in the property, plant and equipment are right-of-use assets presented as properties class of asset.

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Properties	2 to 10 years
Office equipment	5 years
Furniture and fittings	5 years
Computer equipment	3 to 5 years
Motor vehicles	3 to 5 years

In the case of right-of-use assets, estimated useful lives are determined by reference to the lease term.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets

(i) Computer software

Intangible assets include cost of computer software acquired. Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured are added to the original cost of the software. Costs associated with maintaining computer software are expensed off when incurred. Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives as follows:

	Useful lives
Computer software	5 years
Customer contracts	5 to 15 years

(iii) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 2 (h)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the associates and joint ventures.

(k) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

(l) Investment properties

Investment properties are initially recognised at cost and subsequently carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent professional valuer. Changes in fair values are recorded in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investment and other financial assets

Non-derivative investments and other financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Investments at fair value through profit or loss

Certain investments held by the Group are designated on initial recognition at fair value through profit or loss. This designation eliminates or significantly reduces measurement inconsistency that would otherwise arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated at fair value through profit or loss. Loans and receivables include cash and cash equivalents, insurance and other receivables and loans.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

(iv) Recognition, measurement, derecognition and disclosure

Purchases and sales of 'regular way' financial instruments are recognised on trade date, which is when the Group commits to purchase or sell the assets. Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or when the financial assets have been transferred, together with substantially all the risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

After initial recognition, the Group measures financial assets, designated at fair value through profit or loss, and as available-for-sale, at fair value. Loans and receivables are measured at amortised cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise, including interest income and dividend income from such assets.

Interest and dividend income on available-for-sale financial assets are recognised separately in investment income. Changes in the fair value of available-for-sale debt securities denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair value of available-for-sale equity securities are recognised in the other comprehensive income, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investment and other financial assets (continued)

(v) Derivative financial instruments

Derivative financial instruments are categorised as held for trading measured at initial recognition, and subsequently, at fair value and changes in fair value are recognised in profit or loss. Transaction costs incurred in buying and selling derivative instruments are recognised in the profit or loss account when incurred.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(n) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group considers all of its investments in other funds to be investments in unconsolidated structured entities. The Group invests in funds whose objectives range from achieving medium to long term capital growth. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

Unitised funds finance their operations by issuing redeemable shares/units which entitle the holder to a proportional stake in the respective fund's net assets. The Group holds redeemable shares/units in such funds. The change in fair value of the funds is included in the statement of comprehensive income in "net investment income / (losses) and fair value gains / (losses)".

The Group also has interests in funds registered as partnership structures. The funds are financed via capital commitments, which entitle the partners to a proportional share of income distributions from such funds. The change in fair value of the funds is included in the statement of financial position within "fair value reserve".

(o) Impairment of assets

Financial assets carried at amortised costs

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of assets (continued)

Financial assets carried at amortised costs (continued)

(i) Loans and receivables

Significant financial difficulty of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2(o)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the equity available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

Impairment of non-financial assets

Intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associated companies are reviewed for impairment at each reporting date to determine whether there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Insurance and other receivables

Insurance and other receivables include outstanding premiums, trade receivables, accrued interest receivable from fixed deposits with banks and other receivables. These are recognised initially at fair value and subsequently measured at amortised cost less accumulated impairment losses.

(q) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and fixed deposits held with banks which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(r) Financial liabilities

Borrowings

Borrowings within the scope of FRS 39 *Financial Instruments: Recognition and Measurement* are recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. The Group determines the classification of its borrowings at initial recognition.

Borrowings are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the borrowing.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A borrowing is derecognised when the obligation under the borrowing is extinguished. When an existing borrowing is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original borrowing and the recognition of a new borrowing. The difference between the carrying amount of a borrowing extinguished shall be recognised in profit or loss.

Insurance and other payables

Insurance and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Share capital and treasury shares

Paid-up share capital consist of Common and Permanent Shares and are classified as equity. Although Common Shares do not qualify as equity based on the presentation requirements of FRS 32 *Financial Instruments: Presentation*, the Co-operative has classified the shares as equity as there is a minimum paid-up capital requirement under the Insurance (Valuation and Capital) Regulations 2004.

Shareholders of Common Shares are entitled to redeem their shares at the par value of \$10 each or the net asset value (NAV) based on the last audited financial statements, whichever is lower. NAV is computed in accordance with the Act.

Dividends on Common Shares and Permanent Shares are recognised in the statement of changes in equity in the year in which they are declared and approved for payment. The consideration paid for the purchase by the Group of its own shares is treated as treasury shares at the reporting date, and shown as a deduction from Shareholders' Fund in the statement of changes in equity.

(t) Dividends to the Co-operative's shareholders

Dividends to the Co-operative's shareholders are recognised when the dividends are approved for payment during the Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Other provisions

Provisions other than insurance contract provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably measured.

(v) Leases

The Group has applied FRS 116 *Leases* using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 *Leases*. The details of accounting policies under FRS 17 is disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the lease of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Leases (continued)

As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognised the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

Leases – Policy applicable before 1 January 2019

Lessor – Operating leases

Leases of investment properties which the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Lessee – Operating leases

Leases where substantially all risk and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives given from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Deferral of FRS 109 Financial Instruments

The Group has decided to apply the temporary exemption from FRS 109 permitted under the Amendments to FRS 104 *Insurance Contracts*, and defer its implementation of FRS 109 until FRS 117 *Insurance Contracts* that replaces FRS 104 is effective. The Group assessed that it has qualified for the temporary exemption as the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant compared to the total carrying amount of all its liabilities; and that the total carrying amount of its liabilities connected with insurance is above 90% of its total liabilities as at 31 December 2015. There were no changes in the Group's activities after this date, hence no reassessment was required at subsequent reporting year-ends.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Classification of insurance and investment contracts

The Group issues contracts that transfer insurance risk or financial risk, or both.

Financial risk is the risk of a possible change in one or more of the following: a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of non-financial variable, that the variable is not specific to a party to the contract.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risks. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 5% more than the benefits payable if the insured event did not occur. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts are those contracts that transfer financial risk without significant insurance risk.

Insurance contract provisions for Life Insurance

The insurance contract provisions for Life insurance are computed in accordance with the applicable regulatory principles using a prospective approach.

The provisions comprise the following liabilities:

- expected future net payments for guaranteed benefits
- expected future net payments for non-guaranteed benefits (if any)
- provision for adverse deviation from the expected experience

Valuation methodology

Assumptions

Liabilities are computed using the prospective cash flow method. Assumptions are set by the Group's Appointed Actuary and the areas where assumptions have been applied are:

- Mortality and morbidity (if applicable)
- Persistency
- Discount rate
- Management expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Insurance contract provisions for Life Insurance (continued)

Valuation methodology (continued)

Mortality and Morbidity

A detailed review of the Group's mortality and morbidity experience by significant risk is conducted annually. Based on the results of the review, the Group's Appointed Actuary formed an opinion with regard to the expected future mortality and/or morbidity experience. The Group also uses industry/reinsurance mortality and/or morbidity tables for plans that have no historical experience. A provision for adverse deviation (PAD) is also made based on the types of product.

Persistency

A detailed review of the Group's persistency experience by plan types is conducted annually. The Group tries to balance past experience and future conditions by setting best-estimate assumptions in line with expected long term average persistency levels. For new plans with no historical experience, the Group uses the experience on similar plan types as a basis to set the best-estimate assumptions.

Discount Rates

The discount rates used in the Life Insurance Non-Par Fund are derived from the yields of Singapore Government Securities. The discount rates used in the Life Insurance Par Fund are derived based on the expected prospective long-term investment return. This is based on strategic asset allocation of the Par Fund and it is determined in conjunction with the risk and investment managers and the Investment Committee.

Expenses

The Group reviews and determines the management expense assumptions regularly based on past experience and future business direction of the Group. Expense inflation assumption is the weighted expected inflation rate and the inflation rates published by the Monetary Authority of Singapore ("MAS").

Assumption table

The table below briefly describes the assumptions used in the valuation of provision for future participating and non-participating benefits in the Life Insurance Par Fund, Life Insurance Non-Par Fund, and Investment-Linked Fund.

2019

Assumptions

Interest Rate	MAS prescribed discount rate for guaranteed benefits, expected long term investment return for non-guaranteed benefits
Lapse / Surrender Rate	Based on internal lapse experience studies
Management Expense & inflation	Based on internal expense studies
Mortality / Morbidity (Death, TPD, Dread Disease & Other Risk)	Adjusted Mortality / Morbidity Table based on internal studies or Reinsurance rates, whichever is appropriate
Mortality Rate (Annuities)	Adjusted Mortality table with age reduction and mortality improvement based on internal studies

Effect of changing assumptions

For the valuation as at 31 December 2019, the Group has updated the liability valuation assumptions as compared to 1 January 2019.

The impact of the changes to the insurance contracts provisions is listed in the following table:

Fund	Change in insurance contract provisions \$'000
Par	-
Non-Par	86,067
Investment-Linked	274

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Insurance contract provisions for General Insurance

The insurance contract provisions for General Insurance comprise claims and premium liabilities and are computed in accordance with sound actuarial principles and regulatory guidelines.

These liabilities comprise:

- best estimate of the premium liabilities;
- best estimate of the claims liabilities; and
- margins for adverse deviation to ensure a minimum 75% probability of adequacy.

Valuation methodology

Standard actuarial techniques are used to project the provision for claims and loss adjustment expenses and provision for unexpired risk ("claim liabilities and premium liabilities"). These methods include the Chain-ladder and Bornhuetter-Ferguson model.

The valuation process involves using the Group's claims and policy data to estimate future claims experience. These insurance liabilities have been derived on a gross basis and are subsequently adjusted for reinsurance recoveries for a net basis.

Assumptions

The key assumptions of the actuarial valuation models include:

- chain ladder claim development factors
- loss ratios
- expense ratios
- reinsurance recovery ratios

These assumptions are derived based on the Group's historical and emerging underwriting experience.

For the valuation as at 31 December 2019, the basis of liability valuation assumptions has not been changed as compared to previous annual valuation.

Effect of changing assumptions used for General Insurance

Changes	Change in Gross Claim Liability \$'000
Change in assumptions and experience	(70,542)

The table above summarises the effect of changing assumptions has on 2018 and prior accident years claim liabilities where comparisons can be made to last year's year end liability valuation. The claim liabilities are gross of reinsurance recoveries and it is inclusive of claims handling expenses and provision for adverse deviation.

Margins for adverse deviation

In accordance with the insurance regulations, the insurance liabilities include a risk margin to ensure a minimum 75% probability of adequacy.

The risk margin is determined to allow for the uncertainty and volatility of the claims experience. Effects of diversification are also allowed for at the fund level.

Discounting

The general insurance liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Insurance contract provisions for General Insurance (continued)

Gross liabilities

The gross claims liability as at 31 December 2019 is \$492,838,000 (2018: \$479,363,000) as compared to net claims liability of \$448,385,000 (2018: \$437,080,000).

The gross premium liability as at 31 December 2019 is \$202,473,000 (2018: \$189,058,000) as compared to net premium liability of \$201,231,000 (2018: \$188,039,000).

Development and movement of general insurance claim liabilities

Below is the summary of the development of past years' gross claims liabilities as at this year's valuation:

Claims development table 2019												\$'000
Accident year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
End of accident year	244,656	212,240	212,084	219,707	220,631	217,330	224,563	245,677	259,533	272,379	273,346	
1 year later	226,472	186,768	196,745	216,590	215,523	204,892	206,268	230,753	244,141	260,548		
2 years later	222,855	177,787	190,208	204,478	197,808	172,741	180,470	214,483	220,667			
3 years later	215,323	171,039	174,294	187,817	163,440	149,658	169,599	203,070				
4 years later	212,516	163,020	165,455	158,111	149,365	139,066	162,520					
5 years later and beyond	199,572	152,128	143,645	147,870	141,972	136,173						
Estimate of gross cumulative claims	199,572	152,128	143,645	147,870	141,972	136,173	162,520	203,070	220,667	260,548	273,346	2,041,511
Cumulative claim payments	199,318	151,970	142,154	145,910	137,496	129,983	142,584	164,848	166,960	158,296	88,962	1,628,481
Estimate of gross claim liabilities	254	158	1,491	1,960	4,476	6,190	19,936	38,222	53,707	102,252	184,384	413,030
Claims handling expenses	13	8	77	102	232	320	1,032	1,978	2,780	5,292	9,544	21,378
Estimate of gross claim liability before recoveries	267	166	1,568	2,062	4,708	6,510	20,968	40,200	56,487	107,544	193,928	434,408
Estimate of gross claim liabilities for prior accident years												1,672
Recoveries and other adjustments												2,107
Provisions for adverse deviation												54,651
Gross claim liabilities												492,838

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Insurance contract provisions for General Insurance (continued)

Development and movement of general insurance claim liabilities (continued)

Below is the summary of the development of past years' net claims liabilities as at this year's valuation:

Claims development table 2019												\$'000
Accident year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
End of accident year	226,742	197,095	195,975	205,790	207,360	204,499	209,542	227,849	241,377	247,778	242,580	
1 year later	210,311	172,582	184,283	203,562	202,798	191,188	191,300	214,611	222,091	231,223		
2 years later	205,928	166,526	178,766	192,406	184,577	160,206	167,845	195,111	195,831			
3 years later	201,684	160,751	164,004	175,255	151,580	139,189	154,281	180,214				
4 years later	199,733	153,395	154,389	146,638	138,916	126,506	144,229					
5 years later and beyond	185,091	141,089	133,221	137,526	129,150	120,846						
Estimate of net cumulative claims	185,091	141,089	133,221	137,526	129,150	120,846	144,229	180,214	195,831	231,223	242,580	1,841,000
Cumulative net claim payments	184,860	140,945	131,867	135,745	125,082	115,222	126,115	145,486	147,033	138,318	75,050	1,465,723
Estimate of net claim liabilities	231	144	1,354	1,781	4,068	5,624	18,114	34,728	48,798	92,905	167,530	375,277
Claims handling expenses	13	8	77	102	232	320	1,032	1,978	2,780	5,292	9,543	21,377
Estimate of net claim liability before recoveries	244	152	1,431	1,883	4,300	5,944	19,146	36,706	51,578	98,197	177,073	396,654
Estimate of net claim liabilities for prior accident years												1,526
Recoveries and other adjustments												1,069
Provisions for adverse deviation												49,136
Net claim liabilities												448,385

Fair value of financial instruments and investment properties

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on service providers' internally developed models that are based on independently sourced market parameters, including interest rate yield curves, option volatilities and currency rates. Investment properties are carried at fair values as determined by independent professional valuers.

The Group's fair value policies are approved by the Investment Committee with oversight by the Board. Management exercise judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Judgement may also be applied when less readily observable external parameters are used in fair value estimation. The valuation techniques and unobservable inputs used by management in the valuation process are detailed in Note 4(f).

Impairment assessment of investment in associated co-operative

At the reporting date, the Group's investment in associated co-operative, NTUC Choice Homes Co-operative Ltd ("Choice Homes") being a secondary co-operative, has a carrying amount of \$118,834,000 (2018: \$119,019,000) which is above its share redemption value of \$20,000,000 (2018: \$20,000,000). As Choice Homes is a co-operative, its By-Laws state that the redemption value of its share shall not be more than the nominal value of the shares or the net asset value of the shares based on the last audited financial position, whichever is lower. However, section 89(3) of the Co-operative Societies Act states that, in the case of liquidation of a secondary co-operative, any money remaining can be distributed among the members. A secondary society means a society whose registered members are co-operatives, societies, trade unions, or co-operative societies and trade unions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

(a) Life Insurance Contracts Risk Management

Insurance Risk

The Group is exposed to life insurance risk when it signs a contract with the insured party for a premium amount and in return promises to pay a sum of money if a specified event occurs within the time frame stipulated in the contract. The terms of acceptance of the risks by the Group are generally long term in nature (except when they are group or health insurance plans, which are usually on an annual basis). These risks accepted by the Group are mortality risk, morbidity risk, longevity risk and persistency risk.

In general, payment occurs upon death, occurrence of specific morbidity, surrender, or survival of the policyholder, depending on the type of policy.

For Participating policies, the eventual payment to the policyholders typically consists of a guaranteed amount (the sum assured) and a non-guaranteed component distributed via annual reversionary (if any) and final terminal bonuses (if any). Once declared, annual bonuses become a fully guaranteed liability, although the Group has the discretion to reduce future reversionary and terminal bonuses if experience is unfavourable.

Objectives of managing life insurance risks and the policies for mitigating risks

To manage insurance risk, the Group has implemented underwriting and claims management guidelines and procedures. It also considers its reinsurance coverage to manage its overall risk exposure according to the risk appetite.

Mortality risks are selected through underwriting and appropriate premiums are charged based on the level of risks that applicants bring in. The mortality tables used for pricing are based on the Group's best estimates from its annual experience studies. The levels of mortality risks are determined by age, gender, and underwriting experience. For death and morbidity covers, the Group transfers insurance risk in excess of its retention limit to its appointed reinsurers on a per life basis. In addition, for applicants that have mortality risks higher than the Group's tolerance level, these risks will also be ceded to the reinsurance companies.

To manage the concentration of mortality risks as a result of a single event, the Group obtains catastrophic reinsurance that limits its maximum overall exposure up to a limit.

Mortality risk is also managed through appropriate claim management systems that help to identify fraudulent claims. The results of yearly experience reviews of mortality, longevity and persistency are used to decide on the bases for reserving and pricing of products.

Lapse rate is evaluated in a prudent manner through the pricing of new products, product design, and regular monitoring of persistency reports and procedures for recovery.

Inevitably, there remains uncertainty about future longevity and persistency that cannot be removed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(a) Life Insurance Contracts Risk Management (continued)

Sensitivity Analysis

(i) Life Insurance Par Fund

To understand the risks undertaken by the Group in the Life Insurance Par Fund, the following sensitivity analysis is done to measure the impact on the Group's insurance contract provisions.

Assumption	Change	2019	2018
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Interest rates	+100 bps	-	-
	-100 bps	1,971,734	2,182,376
Mortality / morbidity / longevity			
- life insurance contracts, excluding annuities	+20%	-	-
	-20%	-	-
- annuities contracts	Mortality Improvement of 1 Year	-	-
	Mortality Deterioration of 1 Year	-	-
Lapses	+20%	-	-
	-20%	-	-

The insurance contract provisions or liability is defined according to the Insurance Act. In most scenarios, the value of the policy assets of the fund exceeds the Minimum Condition Liability and the sum of the liability in respect of each policy of the fund. As such, the sensitivity does not have an impact to the insurance contract provisions the Group is holding except in the scenario of decrease 1% in interest rates (the corresponding amount will be recognised as losses).

The impact to the profit or loss for the Par Fund is determined by the cost of declared bonus, where the Group reserves the right to vary the bonus scale under the specific scenario.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(a) Life Insurance Contracts Risk Management (continued)

Sensitivity Analysis (continued)

(ii) Life Insurance Non-Par Fund

To understand the risks undertaken by the Group in the Life Insurance Non-Par Fund, the following sensitivity analysis is done to measure the impact on the Group's insurance contract provisions.

Assumption	Change	2019*	2018
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Interest rates	+100 bps	(86,997)	(395,953)
	-100 bps	138,964	609,789
Mortality / morbidity	ElderShield: +11.1% Morbidity DPS: +5% Mortality Non-Par Life: +20% Mortality Group & Health: +20% Morbidity	121,960	156,714
	ElderShield: -11.1% Morbidity DPS: -5% Mortality Non-Par Life: -20% Mortality Group & Health: -20% Morbidity	(89,590)	(93,030)
	ElderShield: +50bps DPS: +50bps Non-Par Life: +20%	(12,562)	(14,672)
	ElderShield: -50bps DPS: -50bps Non-Par Life: -20%	15,008	16,529

* Sensitivity analysis in respect of ElderShield Basic is excluded from 2019 following the transfer as disclosed in Note 32.

(iii) Investment-Linked Fund

To understand the risks undertaken by the Group in the Investment-Linked Fund, the following sensitivity analysis is done to measure the impact on the Group's insurance contract provisions.

Assumption	Change	2019	2018
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Interest rates	+100 bps	(217)	(101)
	-100 bps	336	156
Mortality	+20%	23	29
	-20%	(15)	(26)
Lapses	+20%	(162)	(55)
	-20%	209	66

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(b) General Insurance Contracts Risk Management

General Insurance Risks

Insurance contracts transfer risk to the Group by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The insurance risks arise from the fluctuations in the timing, frequency and severity of claims, as well as the adequacy of premiums and reserves.

The majority of the general insurance business is motor insurance. Other insurance business includes personal accident, worker's compensation, fire, marine and other miscellaneous classes.

Terms and Conditions of General Insurance Contracts

The General Insurance contracts written by the Group are mostly on an annual coverage and annual premium basis, with the exception of short term policies such as travel Insurance which cover only the travel period and marine cargo which covers the duration in which the cargo is being transported. Some of the more common policies which make up a large part of the general insurance portfolio are briefly described as follows:

Motor insurance policies cover private cars, commercial vehicles, motorcycles, buses and taxis. Private cars, the largest portion of the motor portfolio, covers losses or damages to the insured vehicle, death or injuries to third parties, damages to third party property and personal accident.

Personal accident policies cover death, disablement, medical expenses and emergency evacuation expenses due to accident, hijacking, murder, assault, strike, riot, civil commotion, act of terrorism and natural disasters such as earthquake and flood.

Workmen compensation policies cover two legal liabilities. Firstly, the "Act" provides compensation to workers or their dependants for specified occupational diseases, personal injuries or deaths caused by accidents arising out of and in the course of employment. Secondly, "Common Law" covers an employer's liability under common law by his workers, due to negligence leading to an accident resulting in death or injury.

Fire insurance policies insure properties against physical losses or damages by fire and lightning and extraneous perils such as riot & strike, malicious damage, explosion, aircraft damage, impact damage, bursting & overflowing of water pipes, flood, earthquake, volcanic eruption, hurricane, cyclone, typhoon or windstorm.

Objectives of managing risks and policies for mitigating risks

The objectives of managing insurance risks are to enhance the long-term financial performance of the business and limit any excessive variability of the insurance results.

Underwriting insurance contracts involves the pooling of a large number of uncorrelated risks to reduce relative variability. The Group adopts the following measures to manage the general insurance risks:

- underwriting standards – to select risks and control exposure in accordance to established guidelines.
- claims control – to pay claims fairly and control claim wastage or fraud.
- pricing and reserving standards – to ensure adequate pricing for risks and valuation of insurance liabilities.
- reinsurance protection – to limit exposure to large insurance contracts and large claims.

Concentration risk is particularly relevant in the case of natural disasters and other catastrophes. The Group's insurance contracts mostly cover perils and risks in Singapore. As such, the Group's concentration risk is negligible as Singapore is hardly exposed to natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(b) General Insurance Contracts Risk Management (continued)

Objectives of managing risks and policies for mitigating risks (continued)

Perils like floods, epidemics and terrorism do present a level of variability and correlation in the future claim experience but these concentration of risks are protected by event excess of loss reinsurance. In addition, these risks are not material given the likelihood of such events.

Geographically, the Group's risks are concentrated in Singapore. Concentration risk arising from natural catastrophes is negligible as the exposure to natural disasters in Singapore is minimal from historical experience. About 75% (2018: 75%) of the Group's general insurance portfolio is motor insurance with risks well diversified across private cars, commercial vehicles, motorcycles, buses and taxis.

Sensitivity analysis

Given the uncertainty in establishing the claims and premium liabilities, it is likely that the final outcome will be different from the estimation. The table below gives an indication of the sensitivity of the insurance liabilities (claims and premium liabilities), and the corresponding amount will be recognized as surplus/deficit to the General Insurance Fund:

Assumption	Change	2019	2018
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Assumed loss ratio for Bornhuetter Ferguson method	+20%	71,798	72,003
and Unexpired Risk reserve	-20%	(71,798)	(72,003)

(c) Financial risk

The Group has to meet substantial long term liabilities to policyholders for claims and maturity payments and to ensure that adequate liquidity is available to meet short term claims, solvency margin and capital adequacy for existing and new business. The Group invests in a variety of market instruments such as bonds and quoted and unquoted equities which expose the Group to a number of risks such as liquidity, market and credit risks.

The management of these risks lies with the Risk Management and Investment Committees. The Risk Management Committee sets the policy and framework for the risk management function and reviews its appropriateness regularly. The administration of the financial risk management process is delegated to the senior management of the Group. Primarily, the risk management process focuses on mitigating the risks due to uncertainties of the financial market to minimise the adverse impact of these risks on the financial performance of the Group. A key aspect of risk management is matching the timing of cash flows from assets and liabilities. The Investment Committee sets the strategic asset allocation that is consistent with the asset/liability management strategies and approves investment guidelines and limits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

The Group's investment objective is to ensure that it is able to meet future liabilities associated with the insurance products that it underwrites and produce stable and sustainable medium to long term returns on investments, while at the same time, preserving the solvency of the Group.

Disciplined risk control is an integral part of the Group's investment process. Well established and liquid market indices are employed as the benchmarks to ensure diversification across geography, sector, industry and security. In addition, the Group makes use of limits and guidelines to control the risks in the areas of country, sector, duration, currency, credit quality and single security exposure.

Investment-Linked Fund's liabilities are fully matched by the assets held in the respective investment-linked policies sub-funds. Financial risk is wholly borne by the policyholders.

(i) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc., which may have significant impact on the value of the investments.

The Group's investments are substantially dependent on changes in interest rates and equity prices.

The Group regularly monitors its exposure to different asset classes to satisfy itself that its exposure to equities, debt securities, and other risk assets are within the Group's self-imposed risk tolerance limits.

The Group distinguishes market risk as follows:

- (a) Equity price risk
- (b) Interest rate risk
- (c) Foreign exchange risk

(a) Equity price risk

The Group is exposed to equity price risk arising from listed investments held which are classified as fair value through profit or loss and available-for-sale.

The Group monitors equity exposure against a benchmark set and agreed by the Investment Committee, and has a process in place to manage the exposure. This process includes monitoring the country, sector, single security exposure of the portfolio against the limits set.

The Group also formulates equity risk management strategy taking into account the full range of the Group's equity holdings. The Group's investments in equities are substantially in Asia.

The statistical risk analytic tools used by the Group to monitor price risk exposures are the volatility of the benchmark and beta of the portfolio. In this analysis, equity and index exposures are grouped by appropriate market indices, as determined by the Group, and the net beta adjusted exposures to each market index are calculated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(i) Market risk (continued)

(a) Equity price risk (continued)

The Group has chosen the Morgan Stanley Capital International Index ("MSCI") Singapore, MSCI Asia Ex-Japan and MSCI Global indices as representative market indices for all the equities held at the reporting date. In addition, the Group makes adjustments or assumptions where it determines this to be necessary or appropriate. Historical statistics used in the model may not accurately estimate future changes particularly in periods of market turmoil. Actual results may differ substantially from these estimates.

Sensitivity analysis for changes in risk variable that was reasonably possible at year end is as follows:

	2019	
	Impact on net operating surplus \$'000	Impact on equity \$'000
MSCI Singapore		
+10%	176,384	8,002
- 10%	(176,384)	(8,002)
MSCI Asia Ex-Japan		
+10%	200,159	-
- 10%	(200,159)	-
MSCI Global Equities		
+10%	233,750	11,310
- 10%	(233,750)	(11,310)
	2018	
	Impact on net operating surplus \$'000	Impact on equity \$'000
MSCI Singapore		
+10%	171,805	7,587
- 10%	(171,805)	(7,587)
MSCI Asia Ex-Japan		
+10%	152,861	-
- 10%	(152,861)	-
MSCI Global Equities		
+10%	192,541	10,074
- 10%	(192,541)	(10,074)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(i) Market risk (continued)

(b) Interest rate risk

The Group is exposed to interest rate risk primarily through investments in fixed income securities by the insurance funds and policy liabilities in those funds which are guaranteed.

The presence of interest rate risk is the result of not holding assets that match policy liabilities fully. The interest rate risk arising from asset-liability tenure mismatch is actively managed and monitored by the Investment Committee.

Interest rate risk are managed by the Group on an ongoing basis with the primary objective of limiting the extent to which solvency can be affected by an adverse movement in interest rates.

The Group reduces interest rate risk through the close matching of assets and guaranteed liabilities of insurance funds. In this respect, the Group is able to use derivative instruments, including interest rate and cross currency swaps, to manage interest rate risk with the aim of facilitating efficient portfolio management.

The long duration of policy liabilities in the insurance funds and the uncertainty of the cash flows of the said funds mean interest rate risk cannot be completely eliminated, except to match guarantees as much as possible.

The Group's approach is to extend the duration of assets to better match the duration of liabilities. This is achieved by allocating assets to long-dated bonds. The entire fixed income portfolio is consolidated into a single pool to be matched in principle against the minimum condition liability of the Par Fund, allowing greater investment flexibility.

The remaining liabilities are backed by equities, fixed income securities, loans and investment properties with a view to maximise long term returns subject to acceptable volatility in market value.

Shareholders' fund has exposure to fixed income investments, which will be subject to mark-to-market valuation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(i) Market risk (continued)

(b) Interest rate risk (continued)

A study of fixed income securities' yield movement during the previous periods has been undertaken and a 100bps change in yield across the different curves is considered to be a reasonable basis for interest rate sensitivity analysis.

The table below summarises the impact on net operating surplus and equity based on a 100bps parallel shift in the yield curves:

	2019	
	Impact on net operating surplus \$'000	Impact on equity \$'000
Parallel shift in yield curves		
+100 bps	(1,540,204)	(42,878)
-100 bps	1,859,495	49,670

	2018	
	Impact on net operating surplus \$'000	Impact on equity \$'000
Parallel shift in yield curves		
+100 bps	(1,514,706)	(35,268)
-100 bps	1,776,400	39,925

(c) Foreign currency risk

The Group operates mainly in Singapore, with over 99% (2018: 99%) of its insurance liabilities denominated in Singapore Dollars.

The Group mitigates the potential foreign currency risks arising from its investment in financial assets through hedging. The potential foreign currency risks arising from the investment in foreign currency denominated securities are managed using foreign exchange forward contracts and cross currency swaps.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(i) Market risk (continued)

(c) Foreign currency risk (continued)

The following table presents the Group's exposures to major foreign currencies, presented in Singapore Dollars equivalent amounts as at:

	2019					
	USD \$'000	EUR \$'000	HKD \$'000	GBP \$'000	JPY \$'000	Others \$'000
Assets						
Investments						
– Equities	1,184,991	302,238	572,708	199,717	22,264	1,134,028
– Debt securities	7,911,263	641,149	–	131,965	–	15,341
– Funds	2,135,324	578,183	32,183	10,237	14,553	275,734
– Investment receivables	91,987	59	133	422	97	637
Cash and cash equivalents	98,936	21,238	870	5,485	194	10,057
Liabilities						
– Investment creditors	(168,831)	(59)	(762)	–	–	(617)
Total	11,253,670	1,542,808	605,132	347,826	37,108	1,435,180
Less:						
Derivative contracts (net currency exposure)	(10,677,772)	(1,638,454)	(580,020)	(391,463)	(108,284)	(1,498,886)
Net foreign currency risk exposure	575,898	(95,646)	25,112	(43,637)	(71,176)	(63,706)
	2018					
	USD \$'000	EUR \$'000	HKD \$'000	GBP \$'000	JPY \$'000	Others \$'000
Assets						
Investments						
– Equities	860,656	233,219	533,553	188,828	15,979	933,862
– Debt securities	5,904,663	414,855	–	86,319	37,443	5,240
– Funds	1,839,984	611,017	13,498	6,876	15,338	68,056
– Investment receivables	13,573	–	7,335	394	66	2,983
Cash and cash equivalents	114,004	6,000	1,854	2,192	429	10,131
Liabilities						
– Investment creditors	(50,523)	–	(6,433)	–	–	(1,669)
Total	8,682,357	1,265,091	549,807	284,609	69,255	1,018,603
Less:						
Derivative contracts (net currency exposure)	(8,287,677)	(1,340,799)	(537,780)	(335,473)	(137,494)	(1,061,067)
Net foreign currency risk exposure	394,680	(75,708)	12,027	(50,864)	(68,239)	(42,464)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(i) Market risk (continued)

(c) Foreign currency risk (continued)

The Group's foreign currency risk exposure is closely tracked and the net exposure is minimised through monthly rebalancing.

Based on monthly volatilities, management estimates $\pm 2\%$ (2018: $\pm 2\%$) change in the relevant currency risk to be reasonably possible at the reporting date.

Sensitivity for changes in risk variable that was reasonably possible is as follows:

		2019	
Currency		Impact on net operating surplus \$'000	Impact on equity \$'000
USD	2% strengthening	(18,567)	30,085
	2% weakening	18,567	(30,085)
EUR	2% strengthening	(14,293)	12,380
	2% weakening	14,293	(12,380)
HKD	2% strengthening	502	*
	2% weakening	(502)	*
GBP	2% strengthening	(1,285)	412
	2% weakening	1,285	(412)
JPY	2% strengthening	(1,715)	291
	2% weakening	1,715	(291)

* less than \$1,000

		2018	
Currency		Impact on net operating surplus \$'000	Impact on equity \$'000
USD	2% strengthening	(19,632)	27,526
	2% weakening	19,632	(27,526)
EUR	2% strengthening	(14,613)	13,099
	2% weakening	14,613	(13,099)
HKD	2% strengthening	241	*
	2% weakening	(241)	*
GBP	2% strengthening	(1,342)	324
	2% weakening	1,342	(324)
JPY	2% strengthening	(1,672)	307
	2% weakening	1,672	(307)

* less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(ii) Credit risk

Credit risk is the risk arising from the uncertainty of an obligor's ability to fulfil its contractual obligations to the Group. The risk gives rise to financial losses as a result of default of an obligor or deterioration in its credit quality. The obligors include security issuers, derivatives transactional counterparties, policyholders, reinsurers, brokers and other intermediaries such as exchange / clearing houses.

Credit risk management is incorporated in the management of the Group's investments and business activities, and entails credit quality controls, credit risk limits and active monitoring of exposures against these limits with ongoing effort to manage breaches or deviations.

The Risk Management Committee approves and reviews on a regular basis the credit risk management framework including the limits and methodology, and provides oversight of credit risk taken by the Group to ensure it is consistent with the investment and business strategies approved by the Board.

Evaluation of an issuer's or counterparty's credit risk is undertaken by credit origination business units. Monitoring of credit and concentration risk is carried out by Risk Management. Overall investment limits monitoring is put in place at various levels to ensure that all investment activities are aligned with the Group's risk management principles and philosophies.

The loans in the portfolio are generally unsecured. Evaluation and monitoring of credit risk arising from such loans is undertaken by the Investment Department. The carrying amount of past due or impaired corporate loans on 31 December 2019 is nil (2018: nil).

The consumer loan portfolio as at 31 December 2019 amounts to \$16,496,000, net of impairment (2018: \$21,670,000). This is made up of secured and unsecured loans of which about 99% (2018: 99%) are secured loans.

For the management of credit risk of secured consumer loans, the Group regularly performs a valuation exercise to derive the fair value of the collaterals. The purpose of this exercise is to monitor the Loan to Valuation Ratio. For some loans, the Group may repossess the collateral when the loan defaults.

The Group's credit policy to monitor the default risk on unsecured loans is to engage an external agent to regularly inform the Group if any of the borrowers are currently facing legal actions by other creditors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(ii) Credit risk (continued)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that are past due but not impaired:

	2019					
	Neither past due nor impaired \$'000	Financial assets that are past due but not impaired			Total \$'000	Financial assets that have been impaired \$'000
		Up to 3 months \$'000	3 months to 1 year \$'000	Greater than 1 year \$'000		
Debt securities	24,121,529	–	–	–	24,121,529	–
Loans	679,487	–	–	39	679,526	11
Derivatives with positive fair values	221,194	–	–	–	221,194	–
Reinsurers' share of insurance contract provisions	45,695	–	–	–	45,695	–
Insurance and other receivables	309,646	88,442	12,558	–	410,646	2,228
Cash and cash equivalents	676,161	–	–	–	676,161	–

	2018					
	Neither past due nor impaired \$'000	Financial assets that are past due but not impaired			Total \$'000	Financial assets that have been impaired \$'000
		Up to 3 months \$'000	3 months to 1 year \$'000	Greater than 1 year \$'000		
Debt securities	23,190,596	–	–	–	23,190,596	–
Loans	692,293	139	16	66	692,514	74
Derivatives with positive fair values	130,249	–	–	–	130,249	–
Reinsurers' share of insurance contract provisions	43,302	–	–	–	43,302	–
Insurance and other receivables	221,409	87,853	15,466	1,794	326,522	3,330
Cash and cash equivalents	644,554	–	–	–	644,554	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(ii) Credit risk (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the rating buckets:

	2019			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
Debt securities	16,783,688	698,582	6,639,259	24,121,529
Loans	–	–	679,526	679,526
Derivatives with positive fair values	–	–	221,194	221,194
Cash and cash equivalents	676,161	–	–	676,161

	2018			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
Debt securities	17,506,418	386,585	5,297,593	23,190,596
Loans	–	–	692,514	692,514
Derivatives with positive fair values	–	–	130,249	130,249
Cash and cash equivalents	644,554	–	–	644,554

The carrying amount of assets included on the statement of financial position represents the maximum credit exposure.

Substantial portion of non-rated debt securities are in Singapore Government and government-related organisations.

Cash and cash equivalents and derivative transactions are carried out with banks and financial institutions: (i) which are regulated by the MAS and other regulators overseas; and (ii) whose credit are rated investment grade by the rating agencies.

Ceded reinsurance contains credit risk, and such reinsurance assets are reported after deductions for known insolvencies and uncollectible items. The Group monitors the financial condition of its reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(iii) Liquidity risk

The Group is exposed to liquidity risk when it is unable to meet its obligations at a reasonable cost. The liquidity risk could arise through bad publicity or adverse market conditions leading to unexpected cash demands and huge amount of surrenders. As a result, the Group may have to sell off assets to provide the cash lump sum payment.

The Group maintains a level of cash and cash flow deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash requirements. Liquidity management requires the Group to maintain a liquid position at all times to meet unexpected claims payments when they fall due and simultaneously holding an asset mix which meets the Group's target return. The Group monitors liquidity risk through the monthly tracking of the liquidity position of each insurance fund and through the performance of liquidity stress tests based on the S&P rating standards.

For the Par Fund, the Group manages liquidity risk by matching the asset cash flows to the cumulative outflows in the immediate next two years on an ongoing basis as well as putting in place an asset liability matching strategy. The liquidity risk in the fund is minimised by holding adequate cash and also close monitoring of surrenders and redemptions.

For the Non-Par Fund, the business is managed on an annual cash flow basis ensuring sufficient cash flow of premium as part of the liability matching strategy and monitoring of the experience to ensure claims can be paid.

For the General Insurance Fund, a significant portion of the assets are liquid assets which can be easily liquidated to pay claims.

For Investment-Linked Fund, the liabilities and unit prices for transactions fully reflect the market value of assets held in the respective Investment-Linked policies sub-funds. A significant portion of the assets are liquid assets which can be easily liquidated to fund liquidation of units by unit-holders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(c) Financial risk (continued)

(iii) Liquidity risk (continued)

The table below shows the gross liability including both guaranteed and non-guaranteed benefits (before reinsurance) as at 31 December 2019 based on estimated timing of net cash outflows. Almost all investment contracts may be surrendered. In this case, the earliest contractual maturity date is the reporting date. The liability will be the surrender value required if all investment contract policyholders surrender at the reporting date.

	2019			
	Total \$'000	Within 1 year \$'000	1 – 5 years \$'000	Over 5 Years \$'000
Insurance contracts	(33,733,791)	(3,801,848)	(5,869,790)	(24,062,153)
Investment contracts	(4,075)	(3,267)	(808)	–
Total	(33,737,866)	(3,805,115)	(5,870,598)	(24,062,153)

	2018			
	Total \$'000	Within 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000
Insurance contracts	(31,378,764)	(2,933,113)	(4,905,717)	(23,539,934)
Investment contracts	(7,239)	(3,280)	(3,959)	–
Total	(31,386,003)	(2,936,393)	(4,909,676)	(23,539,934)

The table below shows the undiscounted contractual cash flows in relation to derivative instruments, borrowings and other payables:

	2019			
	Total \$'000	Within 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000
Derivative financial instruments	(92,775)	(55,743)	(34,201)	(2,831)
Insurance and other payables	(1,552,280)	(1,505,166)	(22,658)	(24,456)
Borrowings (include interest)	(1,099,539)	(31,645)	(1,067,894)	–
Lease liabilities	(52,597)	(7,042)	(29,873)	(15,682)

	2018			
	Total \$'000	Within 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000
Derivative financial instruments	(94,295)	(36,660)	(44,047)	(13,588)
Insurance and other payables	(1,204,046)	(1,157,814)	(42,069)	(4,163)
Borrowings (include interest)	(1,145,108)	(34,815)	(1,110,293)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(d) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 11 and Note 14 to the financial statements, except for the following:

	2019					Total \$'000
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked- Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Loans and receivables	1,318,116	139,883	89,048	78,062	141,224	1,766,333
Financial liabilities	1,655,915	114,185	56,269	142,811	647,049	2,616,229

	2018					Total \$'000
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked- Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Loans and receivables	1,266,472	118,044	71,556	68,813	138,705	1,663,590
Financial liabilities	1,250,416	147,093	47,042	130,136	646,085	2,220,772

(e) Capital management

The Group's capital policy is to ensure capital efficiency and the ability to self-generate sufficient level of surpluses within each fund to support the existing and on-going development. This is especially important given its co-operative status and limited avenues for raising capital.

The Group's capital management framework is to ensure the use of capital and generation of surplus through steering of bonus distribution strategy, investment strategy, product pricing and development and risk management. Critical amongst these is to ensure that products are priced on a profitable basis to self-generate surpluses and bolster capital. To ensure this, minimum pricing standards have been set.

The Co-operative is required to comply with the regulatory capital requirement prescribed in the Insurance (Valuation and Capital) Regulations 2004 under the Insurance Act. Under the Risk-based Capital Framework regulation set by MAS, insurance companies are required to satisfy a minimum capital adequacy ratio of 120%. MAS may prescribe different fund solvency requirements or capital adequacy requirements for different classes of insurance business and for different types of insurers. The Co-operative has a capital adequacy ratio in excess of the minimum requirement.

Regulated capital of the Co-operative as at 31 December 2019 comprised available capital of \$11.4 billion, risk capital of \$4.0 billion and capital adequacy ratio of 283%. The amounts as at 31 December 2018 comprised available capital of \$10.3 billion, risk capital of \$3.8 billion and capital adequacy ratio of 273%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements

The following table presents our financial assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2019			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Assets				
Investments designated at fair value through profit or loss				
– Equities	5,730,200	10	–	5,730,210
– Funds	3,045,316	–	–	3,045,316
– Debt securities	23,463,027	–	700	23,463,727
Available-for-sale investments				
– Equities	75,213	–	44,952	120,165
– Funds	137,060	–	2,202,227	2,339,287
– Debt securities	657,802	–	–	657,802
	33,108,618	10	2,247,879	35,356,507
– Derivative financial instruments	4,403	216,791	–	221,194
	33,113,021	216,801	2,247,879	35,577,701
Liabilities				
– Derivative financial instruments	(5,092)	(79,164)	–	(84,256)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued)

	2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investments designated at fair value through profit or loss				
– Equities	4,910,958	21	–	4,910,979
– Funds	2,360,311	–	–	2,360,311
– Debt securities	22,545,127	14,627	801	22,560,555
Available-for-sale investments				
– Equities	73,398	–	43,242	116,640
– Funds	96,501	–	1,935,472	2,031,973
– Debt securities	630,041	–	–	630,041
	30,616,336	14,648	1,979,515	32,610,499
– Derivative financial instruments	4,700	125,549	–	130,249
	30,621,036	140,197	1,979,515	32,740,748
Liabilities				
– Derivative financial instruments	(5,202)	(62,349)	–	(67,551)

The fair value of Level 1 financial instruments, which are traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last traded price for equity investments and bid prices for fixed income investments.

The fair value of Level 2 financial instruments, which are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued)

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers from Level 1 to Level 2 in 2019 and no transfers in either direction in 2019.

The following table presents the changes in Level 3 instruments:

	2019			
	Fair value through profit or loss	Available-for-sale investments		Total \$'000
		Debt securities \$'000	Unquoted funds \$'000	
At 1 January	801	1,935,472	43,242	1,979,515
Sales of Level 3 securities	–	(258,139)	(2,083)	(260,222)
Purchases of Level 3 securities	–	512,468	–	512,468
Revaluation reserve	–	(62,003)	3,762	(58,241)
Gains or losses recognised in profit or loss	(101)	105,814	31	105,744
Impairment	–	(31,385)	–	(31,385)
At 31 December	700	2,202,227	44,952	2,247,879

During the financial year ended 31 December 2019, there was no transfer of investments in and out of Level 3 of the fair value hierarchy.

	2018			
	Fair value through profit or loss	Available-for-sale investments		Total \$'000
		Debt securities \$'000	Unquoted funds \$'000	
At 1 January	902	1,746,242	41,538	1,788,682
Sales of Level 3 securities	–	(250,461)	–	(250,461)
Purchases of Level 3 securities	–	290,689	–	290,689
Revaluation reserve	–	39,396	1,838	41,234
Gains or losses recognised in profit or loss	(101)	109,606	(134)	109,371
At 31 December	801	1,935,472	43,242	1,979,515

During the financial year ended 31 December 2018, there was no transfer of investments in and out of Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investments categorised under Level 3 of the fair value hierarchy which involves significant unobservable inputs:

2019				
	Fair value \$'000	Classification	Valuation technique	Unobservable Input
Assets				
Debt securities	700	FVPL ^(a)	Dealers' Quotes	Default / recovery / prepay / liquidity assumptions
Unquoted funds	2,202,227	AFS ^(b)	Net Asset Value	Net asset value of investment vehicles
Unquoted equities	44,952	AFS ^(b)	Net Asset Value	Net asset value of investment entities
Total	2,247,879			

2018				
	Fair value \$'000	Classification	Valuation technique	Unobservable Input
Assets				
Debt securities	801	FVPL ^(a)	Dealers' Quotes	Default / recovery / prepay / liquidity assumptions
Unquoted funds	1,935,472	AFS ^(b)	Net Asset Value	Net asset value of investment vehicles
Unquoted equities	43,242	AFS ^(b)	Net Asset Value	Net asset value of investment entities
Total	1,979,515			

(a) FVPL denotes financial instruments classified as fair value through profit or loss

(b) AFS denotes financial instruments classified as available-for-sale

Valuation processes of the Group

Valuation of debt securities classified as Level 3 assets is determined based on quotes from dealers, adjusted for liquidity provision. These securities are currently in the process of being wound down.

Valuation of unquoted funds were based on net asset value reports as at 30 September 2019, adjusted for the net cash flows movement from 1 October 2019 until 31 December 2019.

Valuation of unquoted equities that are co-operatives were valued at cost based on their realisable values as set out in the By-laws. Other unquoted equities were valued based on net asset value from their latest management accounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued) Investment properties

	2019 \$'000	2018 \$'000
Life Insurance Par Fund		
At 1 January	1,921,194	1,870,001
Additions	13,894	1,836
Change in net fair value recognised in profit or loss	18,457	49,357
At 31 December	1,953,545	1,921,194

Investment properties are carried at fair values at the reporting date as determined by independent professional valuers.

Fair value hierarchy

	Fair value measurements at 31 December 2019 using		
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Life Insurance Par Fund			
Recurring fair value measurements			
Investment properties	–	–	1,953,545

During the financial year ended 31 December 2019, there was no transfer of investments between Level 1 and 2, and in and out of Level 3 of the fair value hierarchy.

	Fair value measurements at 31 December 2018 using		
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Life Insurance Par Fund			
Recurring fair value measurements			
Investment properties	–	–	1,921,194

During the financial year ended 31 December 2018, there was no transfer of investments between Level 1 and 2, and in and out of Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued)

Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy which involves significant unobservable inputs:

Description	Fair value at 31 December 2019 \$'000	Valuation techniques	Unobservable inputs ¹	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed Investment properties	1,953,545	Income Capitalisation Approach	Estimated rental rate	Retail: \$5.95 to \$20.30 per square foot per month Office / Industrial: \$1.80 to \$9.50 per square foot per month	The higher the rental value per square foot, the higher the fair value.
			Capitalisation rate	3.25% to 6%	The higher the capitalisation rate, the lower the fair value.
		Discounted Cash Flow Approach	Rental growth rate	1.32% to 7%	The higher the rental growth rate, the higher the fair value.
			Discount rate	6.5% to 7.5%	The higher the discount rate, the lower the fair value.
		Direct Comparison Approach	Valuation per square foot	Retail: \$1,100 to \$3,502 per square foot Office / Industrial: \$320 to \$2,869 per square foot	The higher the valuation per square foot, the higher the fair value.

¹ There were no significant inter-relationships between unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued)

Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value at 31 December 2018 \$'000	Valuation techniques	Unobservable inputs ¹	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed Investment properties	1,921,194	Income Capitalisation Approach	Estimated rental rate	Retail: \$6.3 to \$20 per square foot per month Office / Industrial: \$2 to \$10 per square foot per month	The higher the rental value per square foot, the higher the fair value.
			Capitalisation rate	3.25% to 6.25%	The higher the capitalisation rate, the lower the fair value.
			Rental growth rate	1.2% to 7%	The higher the rental growth rate, the higher the fair value.
		Discounted Cash Flow Approach	Discount rate	6.5% to 7.5%	The higher the discount rate, the lower the fair value.
			Direct Comparison Approach	Valuation per square foot	Retail: \$1,187 to \$3,555 per square foot Office / Industrial: \$130 to \$3,061 per square foot

¹ There were no significant inter-relationships between unobservable inputs.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair values of the Group's investment properties at the end of every financial year based on the properties' highest and best use.

In the Income Capitalisation Approach, gross rental income (net of GST) is estimated at a mature maintainable occupancy level from which total expenses have been deducted and net income capitalised at an appropriate rate.

The Discounted Cash Flow Approach involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with the current market requirements.

The Direct Comparison Approach involves analysis of recent transactions of comparable properties within the vicinity and elsewhere in Singapore. Necessary adjustments have been made for the differences in location, tenure, size, shape, design and layout, age and condition of buildings, date of transactions and the prevailing market and prevailing condition amongst other factors affecting their values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

(f) Fair value measurements (continued)

Financial asset / liabilities not carried at fair value

Loans

The fair value of consumer loans is based on cash flows discounted at the interest rate of the Co-operative's subordinated debt (Note 18) and are classified as Level 3. The fair value and interest rates used are as follows:

	2019		
	Life Insurance Par Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	
Consumer loans	16,496	14,690	3.65%

	2018		
	Life Insurance Par Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	
Consumer loans	21,670	19,132	3.65%

Insurance and other payables

The fair values of insurance and other payables are based on cash flows discounted at the interest rate of the Co-operative's subordinated debt (Note 18) and are classified as Level 3. The fair values and interest rates used are as follows:

	2019						
	Life Insurance Par Fund		Life Insurance Non Par Fund		General Insurance Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	
Outstanding claims	5,672	4,917	3,751	2,816	-	-	3.65%
Investments and other payables	36,901	29,508	790	516	-	-	3.65%
Total	42,573	34,425	4,541	3,332	-	-	

	2018						
	Life Insurance Par Fund		Life Insurance Non Par Fund		General Insurance Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	
Outstanding claims	6,215	5,427	26,844	24,487	-	-	3.65%
Investments and other payables	13,173	12,350	-	-	-	-	3.65%
Total	19,388	17,777	26,844	24,487	-	-	

* The fair value of insurance and other payables to be settled within the next 12 months are not presented as the carrying values approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. PROPERTY, PLANT AND EQUIPMENT

	2019					
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
Life Insurance Par Fund						
Cost						
At 1 January 2019	–	2,029	22,928	19,305	995	45,257
Recognition of right-of-use asset on initial application of FRS 116	9,882	–	–	–	–	9,882
Restated balance at 1 January 2019	9,882	2,029	22,928	19,305	995	55,139
Additions	40,550	350	5,115	1,957	140	48,112
Disposals	–	(29)	–	(203)	(127)	(359)
At 31 December 2019	50,432	2,350	28,043	21,059	1,008	102,892
Accumulated depreciation						
At 1 January 2019	–	1,598	20,164	12,405	709	34,876
Charge for the year	4,863	145	1,205	2,047	119	8,379
Disposals	–	(29)	–	(197)	(127)	(353)
At 31 December 2019	4,863	1,714	21,369	14,255	701	42,902
Carrying amount						
At 31 December 2019	45,569	636	6,674	6,804	307	59,990
	2018					
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
Life Insurance Par Fund						
Cost						
At 1 January 2018	–	1,989	21,369	17,049	1,016	41,423
Additions	–	80	1,559	3,263	74	4,976
Disposals	–	(40)	–	(1,007)	(95)	(1,142)
At 31 December 2018	–	2,029	22,928	19,305	995	45,257
Accumulated depreciation						
At 1 January 2018	–	1,477	19,348	11,404	663	32,892
Charge for the year	–	161	816	2,008	141	3,126
Disposals	–	(40)	–	(1,007)	(95)	(1,142)
At 31 December 2018	–	1,598	20,164	12,405	709	34,876
Carrying amount						
At 31 December 2018	–	431	2,764	6,900	286	10,381

Property, plant and equipment includes right-of-use assets of \$50,432,000 related to leased properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2019			
	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Total \$'000
Shareholders' Fund				
Cost				
At 1 January 2019	13	153	45	211
Additions	27	203	479	709
At 31 December 2019	40	356	524	920
Accumulated depreciation				
At 1 January 2019	3	27	3	33
Charge for the year	7	61	90	158
At 31 December 2019	10	88	93	191
Carrying amount				
At 31 December 2019	30	268	431	729
	2018			
	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Total \$'000
Shareholders' Fund				
Cost				
At 1 January 2018	–	–	–	–
Additions	13	153	45	211
At 31 December 2018	13	153	45	211
Accumulated depreciation				
At 1 January 2018	–	–	–	–
Charge for the year	3	27	3	33
At 31 December 2018	3	27	3	33
Carrying amount				
At 31 December 2018	10	126	42	178

Depreciation expense is included in "Management expenses" in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. INTANGIBLE ASSETS

	2019 \$'000	2018 \$'000
Life Insurance Par Fund		
Cost		
At 1 January	153,066	132,722
Additions	16,995	20,344
Disposals	(38)	–
At 31 December	170,023	153,066
Accumulated amortisation		
At 1 January	104,317	90,184
Charge for the year	15,844	14,133
Disposals	(13)	–
At 31 December	120,148	104,317
Carrying amount at 31 December	49,875	48,749
Life Insurance Non-Par Fund		
Cost		
At 1 January	14,649	14,529
Additions	43	120
At 31 December	14,692	14,649
Accumulated amortisation		
At 1 January	14,380	13,999
Charge for the year	97	381
At 31 December	14,477	14,380
Carrying amount at 31 December	215	269
Shareholders' Fund		
Cost		
At 1 January	8,434	2,808
Additions	16,956	5,626
Disposals	(267)	–
At 31 December	25,123	8,434
Accumulated amortisation		
At 1 January	746	–
Charge for the year	2,542	746
Disposals	(97)	–
At 31 December	3,191	746
Carrying amount at 31 December	21,932	7,688

Amortisation expense is included in "Management expenses" in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENT PROPERTIES

	2019 \$'000	2018 \$'000
Life Insurance Par Fund		
At 1 January	1,921,194	1,870,001
Additions	13,894	1,836
Change in net fair value recognised in profit or loss	18,457	49,357
At 31 December	1,953,545	1,921,194

Investment properties comprises a number of commercial properties that are leased to third parties. Each of the leases contract is non-cancellable.

Investment properties are carried at fair values at the reporting date as determined by independent professional valuers.

All properties are held as investment properties within the Life Insurance Par Fund for investment purposes (rental yields and/or capital appreciation). Any change in value of the properties would accrue mainly to the participating policyholders. One of the investment properties, with carrying amount of \$789,100,000 (2018: \$763,900,000) is mortgaged against the bank borrowing (Note 18). These properties are held for the purpose of capital appreciation and rental income. The following amounts are recognised in profit or loss.

	2019 \$'000	2018 \$'000
Rental income	91,999	91,582
Direct operating expenses arising from investment properties that generated rental income	(26,733)	(26,852)

8. INVESTMENT IN SUBSIDIARIES

The subsidiaries of the Co-operative, all incorporated in Singapore and having their place of business in Singapore, at 31 December 2019 are as follows:

Name	Principal activities	% of ownership interest	
		2019 %	2018 %
Life Insurance Par Fund			
NTUC Co-operatives Suzhou Investments Pte Ltd	Investment holding	73	73
Savu Investments Pte. Ltd.	Owning and leasing an investment property	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Principal activities	% of ownership interest	
		2019 %	2018 %
Shareholders' Fund			
NTUC Income Enterprises Pte Ltd	Operator of retail and referral services	100	100
NTUC Income Holdings Pte. Ltd.	Investment holding	100	100
Infinitum Financial Advisory Pte. Ltd.	Financial Advisory	100	-

On 6 June 2019 and 1 November 2019, the Group acquired 100% of the shares and voting interests in Elpis Financial Pte. Ltd. (now known as Infinitum Financial Advisory Pte. Ltd.) and Financial Dynamics Pte. Ltd. respectively. The purchase considerations of both entities were \$4,754,000. Both entities were subsequently amalgamated on 23 December 2019.

9. INVESTMENT IN JOINT VENTURE

Set out below is the joint venture of the Group as at 31 December 2019. The joint venture has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

The Group has no commitments relating to its joint venture. There are also no contingent liabilities relating to the Group's interest in the joint venture.

	2019 \$'000	2018 \$'000
Life Insurance Par Fund		
Equity investment at cost	82,525	82,525

Name of company	Country of incorporation	Principal activities	% of ownership interest	
			2019 %	2018 %
Street Square Pte. Ltd. ^(a)	Singapore	Property investment holding	50	50

(a) Financial year ends on 31 December

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture company

Set out below is the summarised financial information of Street Square Pte. Ltd. based on the management accounts as of 30 September which is used for equity accounting, as this is the latest financial information available.

Summarised financial position

	Street Square Pte. Ltd. As at 30 September	
	2019 \$'000	2018 \$'000
Current assets	11,571	24,152
Current liabilities	(178,986)	(175,657)
Non-current assets	1,091,529	980,715
Non-current liabilities	(616,175)	(615,061)
Net assets	307,939	214,149

Summarised statement of comprehensive income

	Street Square Pte. Ltd. For the period from 1 October to 30 September	
	2019 \$'000	2018 \$'000
Revenue	45,619	42,305
Profit from continuing operations ^(b)	93,790	32,840
Other comprehensive income	–	–
Total comprehensive income	93,790	32,840
Dividends paid/declared	–	–

(b) Includes:

- Fair value gain on investment property of \$103,942,000 (2018: \$25,787,000)
- Interest expenses of \$28,548,000 (2018: \$26,739,000)
- Income tax expenses of \$8,257,000 (2018: \$1,243,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. INVESTMENT IN JOINT VENTURE (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the joint venture company, is as follows:

	Street Square Pte. Ltd.	
	2019 \$'000	2018 \$'000
Net assets		
At 1 October 2018 / 2017	214,149	181,309
Profit for the year	93,790	32,840
Other comprehensive income	–	–
Dividends paid / declared	–	–
At 30 September 2019 / 2018	307,939	214,149
Interest in joint venture (2019: 50%, 2018: 50%)	153,970	107,075
Carrying amount	153,970	107,075

10. INVESTMENT IN ASSOCIATED COMPANIES

Set out below are the associated company of the Group as at 31 December 2019. The associated company as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

The Group has no commitments relating to its associated company. There are also no contingent liabilities relating to the Group's interest in the associated company.

	2019 \$'000	2018 \$'000
Life Insurance Par Fund		
Equity investment at cost	235,787	235,787

Name of company	Country of incorporation	Principal activities	% of ownership interest	
			2019 %	2018 %
Parkway Parade Partnership Limited ^(a)	Singapore	Properties investment holding	49	49

(a) Financial year ends on 31 December

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below is the summarised financial information of the associated company of the Group, based on the management accounts as at 30 November which is used for equity accounting, as this is the latest financial information available.

Summarised financial position

	Parkway Parade Partnership Limited As at 30 November	
	2019 \$'000	2018 \$'000
Current assets	25,200	29,000
Current liabilities	(47,000)	(51,700)
Non-current assets	1,342,379	1,340,155
Non-current liabilities	(479,100)	(478,400)
Net assets	841,479	839,055

Summarised statement of comprehensive income

	Parkway Parade Partnership Limited For the period from 1 December to 30 November	
	2019 \$'000	2018 \$'000
Revenue	93,285	96,291
Profit from continuing operations ^(b)	36,312	136,826
Other comprehensive income	–	–
Total comprehensive income	36,312	136,826
Dividends paid / declared	(33,888)	(38,271)

(b) Includes:

- Fair value gain on investment property of \$1,200,000 (2018: \$93,700,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

	Parkway Parade Partnership Limited	
	2019 \$'000	2018 \$'000
Net assets		
At 1 December 2018 / 2017	839,055	740,500
Profit for the year	36,312	136,826
Other comprehensive income	–	–
Dividends paid/declared	(33,888)	(38,271)
At 30 November 2019 / 2018	841,479	839,055
Interest in associated company (2019: 49%, 2018: 49%)	408,570	407,393
Carrying amount of the Group's interest in associated company	408,570	407,393
	2019 \$'000	2018 \$'000
Shareholders' Fund		
Equity investment at cost	239,565	238,715

Set out below is the associated co-operative and companies of the Group as at 31 December 2019. The associated co-operative and companies have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

The Group has no commitments relating to its associated co-operative and companies. There are also no contingent liabilities relating to the Group's interest in the associated co-operative and companies.

Name of company	Country of incorporation	Principal activities	% of ownership interest	
			2019 %	2018 %
<i>Direct associate:</i>				
NTUC Choice Homes Co-operative Ltd ^(a)	Singapore	Property development	25	25
Davita Singapore Pte. Ltd. ^(a)	Singapore	Dialysis services, clinics and other general medical services	10	–
<i>Indirect associate, held through fully-owned subsidiary:</i>				
FFMC Holdings Pte. Ltd. ^(a)	Singapore	Asset management	49	49

(a) Financial year ends on 31 December

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10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated co-operative

Set out below is the summarised financial information of the associated co-operative based on the management accounts as of 30 September which is used for equity accounting, as this is the latest financial information available.

Summarised financial position

	NTUC Choice Homes Co-operative Ltd As at 30 September	
	2019 \$'000	2018 \$'000
Current assets	13,462	15,199
Current liabilities	(1,015)	(625)
Non-current assets	455,001	455,001
Non-current liabilities	-	-
Adjustments made to align with Group accounting policies	(697)	(2,096)
Net assets	466,751	467,479

Summarised statement of comprehensive income

	NTUC Choice Homes Co-operative Ltd For the period from 1 October to 30 September	
	2019 \$'000	2018 \$'000
Revenue	-	-
Profit from continuing operations	3,198	6,985
Other comprehensive income	-	-
Total comprehensive income	3,198	6,985
Dividends paid / declared	(3,926)	(1,694)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated co-operative, is as follows:

	NTUC Choice Homes Co-operative Ltd	
	2019 \$'000	2018 \$'000
Net assets		
At 1 October 2018 / 2017	467,479	462,188
Profit for the year	3,198	6,985
Other comprehensive income	–	–
Dividends paid / declared	(3,926)	(1,694)
At 30 September 2019 / 2018	466,751	467,479
Interest in associated co-operative (2019: 25%, 2018: 25%)	118,834	119,019
Carrying amount of the Group's interest	118,834	119,019

On 28 March 2019, the Group had entered into a shareholders' agreement with NTUC Health Co-operative Limited and Davita Care Pte. Ltd. to form a company, Davita Singapore Pte. Ltd. with a 10% ownership interest.

Summarised financial information for associated companies

Set out below is the summarised financial information of associated company based on the management accounts as of 31 December which is used for equity accounting, as this is the latest financial information available.

Summarised financial position

	Davita Singapore Pte. Ltd. As at 31 December
	2019 \$'000
Current assets	6,245
Current liabilities	(1,525)
Non-current assets	3,786
Non-current liabilities	(1,008)
Net assets	7,498

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of comprehensive income

	Davita Singapore Pte. Ltd. For the period from 28 March to 31 December
	2019 \$'000
Revenue	622
Loss from continuing operations	(1,002)
Other comprehensive income	-
Total comprehensive income	(1,002)
Dividends paid / declared	-

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

	Davita Singapore Pte. Ltd.
	2019 \$'000
Net assets	
At 28 March 2019 (date of incorporation)	8,500
Loss for the year	(1,002)
Dividends paid/ declared	-
At 31 December 2019	7,498
Interest in associated company (2019: 10%, 2018: 0%)	750
Carrying amount of the Group's interest	750

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below is the summarised financial information of the associated company based on the management accounts as of 30 November which is used for equity accounting, as this is the latest financial information available.

Summarised financial position

	FFMC Holdings Pte. Ltd. As at 30 November	
	2019 \$'000	2018 \$'000
Current assets	71,225	62,591
Current liabilities	(29,603)	(29,917)
Non-current assets	22,617	21,501
Non-current liabilities	(8,100)	(7,057)
Net assets	56,139	47,118

Summarised statement of comprehensive income

	FFMC Holdings Pte. Ltd. For the period from	
	1 Dec to 30 Nov 2019 \$'000	12 Mar to 30 Nov 2018 \$'000
Revenue	97,893	64,455
Profit from continuing operations	9,021	9,107
Other comprehensive income	66	(108)
Total comprehensive income	9,087	8,999
Dividends paid / declared	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

	FFMC Holdings Pte. Ltd.	
	2019 \$'000	2018 \$'000
Net assets		
At 1 December 2018 / 12 March 2018 (date of acquisition)	47,118	22,519
Profit for the period	9,021	9,107
Other comprehensive income	66	(108)
Adjustment due to adoption of FRS 116	(66)	–
Issuance of additional share capital	–	15,600
At 30 November 2019 / 2018	56,139	47,118
Interest in associated company (2019: 49%, 2018: 49%)	27,507	23,087
Goodwill	4,582	4,582
Intangible assets	98,229	105,245
Carrying amount of the Group's interest	130,318	132,914

Amortisation of intangible assets in relation to customer contracts amounting to \$7,016,000 (2018: nil) is included in "Management expenses" in the statement of comprehensive income.

	2019 \$'000	2018 \$'000
NTUC Choice Homes Co-operative Ltd	118,834	119,019
Davita Singapore Pte. Ltd.	750	–
FFMC Holdings Pte. Ltd.	130,318	132,914
Total carrying amounts of the Group's interest	249,902	251,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. OTHER FINANCIAL ASSETS

	2019					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Investments measured at fair value through profit or loss						
<i>Quoted</i>						
Equities	4,936,972	1,430	711,731	–	80,077	5,730,210
Funds	1,357,619	312,122	1,279,995	68,965	26,615	3,045,316
Debt securities	18,909,803	3,145,375	428,091	980,458	–	23,463,727
Total investments measured at fair value through profit or loss	25,204,394	3,458,927	2,419,817	1,049,423	106,692	32,239,253
Available-for-sale investments						
<i>Quoted</i>						
Equities	–	–	–	–	75,213	75,213
Funds	14,727	–	–	–	122,333	137,060
Debt securities	–	–	–	–	657,802	657,802
<i>Unquoted</i>						
Equities	41,720	–	–	–	3,232	44,952
Funds	1,599,454	159,529	–	296,330	146,914	2,202,227
Total available-for-sale investments	1,655,901	159,529	–	296,330	1,005,494	3,117,254
Total investments	26,860,295	3,618,456	2,419,817	1,345,753	1,112,186	35,356,507
Debt Securities						
To be settled within 12 months	1,267,691	440,497	15,317	386,250	36,883	2,146,638
To be settled after 12 months	17,642,112	2,704,878	412,774	594,208	620,919	21,974,891
	18,909,803	3,145,375	428,091	980,458	657,802	24,121,529
Equities and Funds	7,950,492	473,081	1,991,726	365,295	454,384	11,234,978
Total	26,860,295	3,618,456	2,419,817	1,345,753	1,112,186	35,356,507

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. OTHER FINANCIAL ASSETS (CONTINUED)

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Investments measured at fair value through profit or loss						
<i>Quoted</i>						
Equities	4,103,813	88,834	648,069	–	70,263	4,910,979
Funds	951,996	200,917	1,024,741	138,488	44,169	2,360,311
Debt securities	17,275,866	3,889,441	429,267	965,981	–	22,560,555
Total investments measured at fair value through profit or loss	22,331,675	4,179,192	2,102,077	1,104,469	114,432	29,831,845
Available-for-sale investments						
<i>Quoted</i>						
Equities	–	–	–	–	73,398	73,398
Funds	–	–	–	–	96,501	96,501
Debt securities	–	–	–	–	630,041	630,041
<i>Unquoted</i>						
Equities	40,018	–	–	–	3,224	43,242
Funds	1,559,058	44,035	–	221,517	110,862	1,935,472
Total available-for-sale investments	1,599,076	44,035	–	221,517	914,026	2,778,654
Total investments	23,930,751	4,223,227	2,102,077	1,325,986	1,028,458	32,610,499
Debt Securities						
To be settled within 12 months	1,213,909	39,921	29,062	282,679	19,968	1,585,539
To be settled after 12 months	16,061,957	3,849,520	400,205	683,302	610,073	21,605,057
	17,275,866	3,889,441	429,267	965,981	630,041	23,190,596
Equities and Funds	6,654,885	333,786	1,672,810	360,005	398,417	9,419,903
Total	23,930,751	4,223,227	2,102,077	1,325,986	1,028,458	32,610,499

Of the total debt securities, 92% (2018: 93%) represents investments in fixed rate instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. INVESTMENT IN FUNDS

The funds invested by the Group may utilise a variety of financial instruments in their trading strategies, including equity and debt securities as well as an array of derivative instruments.

The Group's holding in a unitized fund, as a percentage of the fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the fund level. It is possible but unlikely that the Group may, at any point in time, hold a majority of a fund's total units in issue.

The Group's maximum exposure to loss from its interests in funds is equal to the total fair value of its investments and capital commitments contracted to the funds. Once the Group has disposed of its shares/units in a portfolio fund or withdrawn from its partnership contracts, the Group ceases to be exposed to any risk from that fund.

The Group's outstanding investment capital commitments are disclosed in Note 31.

The tables below summarises the fair value of the Group's holdings in funds by risk of concentration with respect to geographic region and industry focus of the funds.

	2019	
	% of the Investment in funds	Fair value \$'000
Industry focus		
Diversified financials	60%	3,233,079
Energy	1%	56,963
Real estate	37%	1,999,000
Telecommunication services	*	3,816
Industrials	*	–
Utilities	*	650
Materials	*	4,055
Information technology	2%	87,040
	100%	5,384,603
Geographic region		
Asia Pacific	44%	2,376,982
Australia	5%	283,986
Europe	10%	534,236
North America	30%	1,596,554
Others	11%	592,845
	100%	5,384,603

* less than 1%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. INVESTMENT IN FUNDS (CONTINUED)

	2018	
	% of the Investment in funds	Fair value \$'000
Industry focus		
Diversified financials	59%	2,573,594
Energy	2%	70,162
Real estate	39%	1,720,260
Telecommunication services	*	10,586
Industrials	*	556
Utilities	*	681
Materials	*	4,886
Information technology	*	11,559
	100%	4,392,284
Geographic region		
Asia Pacific	41%	1,787,564
Australia	3%	131,034
Europe	13%	600,626
North America	33%	1,446,860
Others	10%	426,200
	100%	4,392,284

* less than 1%

13. LOANS

	2019					Total \$'000
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Term loan to joint venture						
– unsecured	81,251	–	–	–	–	81,251
Consumer loans	16,507	–	–	–	–	16,507
Loans on policies	581,583	196	–	–	–	581,779
Impairment loss	(11)	–	–	–	–	(11)
	679,330	196	–	–	–	679,526
To be settled within 12 months	669,135	196	–	–	–	669,331
To be settled after 12 months	10,195	–	–	–	–	10,195
	679,330	196	–	–	–	679,526

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. LOANS (CONTINUED)

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Term loan to joint venture						
– unsecured	81,251	–	–	–	–	81,251
Consumer loans	21,710	–	–	34	–	21,744
Loans on policies	589,540	53	–	–	–	589,593
Impairment loss	(40)	–	–	(34)	–	(74)
	692,461	53	–	–	–	692,514
To be settled within 12 months	677,975	53	–	–	–	678,028
To be settled after 12 months	14,486	–	–	–	–	14,486
	692,461	53	–	–	–	692,514

At the reporting date, the carrying amounts of loans approximate their fair values.

Interest bearing loan to a joint venture company

The balance of interest bearing loan to joint venture company as at the reporting date and the interest earned recognised in the statement of comprehensive income is as follows:

	2019				
	Loan Balance \$'000	Interest Rate (%)	Interest Earned \$'000	Scheduled Repayment Date	Type
Loan 1	81,251	7.00	5,688	On demand	Unsecured

	2018				
	Loan Balance \$'000	Interest Rate (%)	Interest Earned \$'000	Scheduled Repayment Date	Type
Loan 1	81,251	7.00	5,688	On demand	Unsecured

Movements in allowance for impairment loss during the financial year are as follows:

	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
	2019					
At 1 January	40	–	–	34	–	74
Allowance written back during the year	(29)	–	–	(34)	–	(63)
At 31 December	11	–	–	–	–	11
2018						
At 1 January	79	–	–	37	–	116
Allowance written back during the year	(39)	–	–	(3)	–	(42)
At 31 December	40	–	–	34	–	74

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. DERIVATIVE FINANCIAL INSTRUMENTS

	2019			
	Contract or Underlying Principal \$'000	Positive Revaluation \$'000	Negative Revaluation \$'000	Net \$'000
Life Insurance Par Fund				
Forward foreign exchange	14,551,753	161,102	30,094	131,008
Options	11,026	–	25	(25)
Interest rate swaps	513,431	17,935	5,289	12,646
Futures	121,600	3,011	3,838	(827)
Cross currency swaps	835,659	8,809	35,607	(26,798)
	16,033,469	190,857	74,853	116,004
Life Insurance Non-Par Fund				
Forward foreign exchange	673,614	5,495	1,981	3,514
Cross currency swaps	339,872	6,474	1,105	5,369
	1,013,486	11,969	3,086	8,883
Investment-Linked Fund				
Forward foreign exchange	263,085	2,003	816	1,187
Futures	2,602	939	486	453
Cross currency swaps	1,335	–	9	(9)
	267,022	2,942	1,311	1,631
General Insurance Fund				
Forward foreign exchange	412,780	4,234	2,144	2,090
Cross currency swaps	38,570	1,410	–	1,410
	451,350	5,644	2,144	3,500
Shareholders' Fund				
Forward foreign exchange	796,200	8,486	2,101	6,385
Futures	25,133	453	743	(290)
Cross currency swaps	29,480	843	18	825
	850,813	9,782	2,862	6,920
Total	18,616,140	221,194	84,256	136,938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2018			
	Contract or Underlying Principal \$'000	Positive Revaluation \$'000	Negative Revaluation \$'000	Net \$'000
Life Insurance Par Fund				
Forward foreign exchange	11,372,586	88,462	15,192	73,270
Options	–	–	–	–
Interest rate swaps	524,513	11,853	2,027	9,826
Futures	491,988	3,649	3,231	418
Cross currency swaps	893,972	9,193	42,268	(33,075)
	13,283,059	113,157	62,718	50,439
Life Insurance Non-Par Fund				
Forward foreign exchange	345,850	3,047	386	2,661
Cross currency swaps	234,862	3,523	1,328	2,195
	580,712	6,570	1,714	4,856
Investment-Linked Fund				
Forward foreign exchange	199,657	1,168	369	799
Futures	105,216	491	1,186	(695)
Cross currency swaps	1,335	–	12	(12)
	306,208	1,659	1,567	92
General Insurance Fund				
Forward foreign exchange	245,880	2,115	29	2,086
Shareholders' Fund				
Forward foreign exchange	703,399	5,522	713	4,809
Futures	79,907	560	785	(225)
Cross currency swaps	18,159	666	25	641
	801,465	6,748	1,523	5,225
Total	15,217,324	130,249	67,551	62,698

At the reporting date, all derivative financial instruments balances are current, as they are classified as 'held for trading' in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*.

The Co-operative enters into master netting arrangements with counterparties. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis.

Master netting arrangements do not meet the criteria for offsetting of financial assets and liabilities on the statement of financial position, as the legal right to set off the transactions is conditional upon default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	2019					
	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position \$'000	Net amounts of financial assets presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
Life Insurance Par Fund						
Derivatives	187,846	–	187,846	14,021	56,079	117,746
Life Insurance Non-Par Fund						
Derivatives	11,969	–	11,969	2,188	1,965	7,816
Investment-Linked Fund						
Derivatives	2,003	–	2,003	–	350	1,653
General Insurance Fund						
Derivatives	5,644	–	5,644	1,565	467	3,612
Shareholders' Fund						
Derivatives	9,329	–	9,329	288	2,584	6,457

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	2019					
	Gross amounts of recognised financial liabilities \$'000	Gross amounts of recognised financial assets set-off in the statement of financial position \$'000	Net amounts of financial liabilities presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
Life Insurance Par Fund						
Derivatives	70,990	–	70,990	11,984	5,108	53,898
Life Insurance Non-Par Fund						
Derivatives	3,086	–	3,086	–	13	3,073
Investment-Linked Fund						
Derivatives	825	–	825	–	1,089	(264)
General Insurance Fund						
Derivatives	2,144	–	2,144	–	–	2,144
Shareholders' Fund						
Derivatives	2,119	–	2,119	–	94	2,025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	2018					
	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position \$'000	Net amounts of financial assets presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
Life Insurance Par Fund						
Derivatives	109,508	–	109,508	9,112	12,136	88,260
Life Insurance Non-Par Fund						
Derivatives	6,570	–	6,570	606	845	5,119
Investment-Linked Fund						
Derivatives	1,168	–	1,168	–	109	1,059
General Insurance Fund						
Derivatives	2,115	–	2,115	440	–	1,675
Shareholders' Fund						
Derivatives	6,188	–	6,188	1	1,274	4,913

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	2018					
	Gross amounts of recognised financial liabilities \$'000	Gross amounts of recognised financial assets set-off in the statement of financial position \$'000	Net amounts of financial liabilities presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
Life Insurance Par Fund						
Derivatives	59,487	–	59,487	19,786	1,308	38,393
Life Insurance Non-Par Fund						
Derivatives	1,714	–	1,714	389	–	1,325
Investment-Linked Fund						
Derivatives	381	–	381	–	1,608	(1,227)
General Insurance Fund						
Derivatives	29	–	29	–	–	29
Shareholders' Fund						
Derivatives	738	–	738	–	–	738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INSURANCE CONTRACT PROVISIONS

	2019				
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Total \$'000
Gross					
Provision for claims and loss adjustment expenses	–	124,746	–	492,838	617,584
Provision for unexpired risks	–	259,498	–	202,473	461,971
Provision for future non-participating benefits	219,965	1,480,188	1,122	–	1,701,275
Provision for future participating benefits	28,504,004	–	–	–	28,504,004
Provision for investment-linked contracts	–	–	2,448,957	–	2,448,957
Total insurance contract provisions, gross	28,723,969	1,864,432	2,450,079	695,311	33,733,791
Reinsurance					
Provision for claims and loss adjustment expenses	–	–	–	44,453	44,453
Provision for unexpired risks	–	–	–	1,242	1,242
Total reinsurers' share of insurance contract provisions	–	–	–	45,695	45,695
Net					
Provision for claims and loss adjustment expenses	–	124,746	–	448,385	573,131
Provision for unexpired risks	–	259,498	–	201,231	460,729
Provision for future non-participating benefits	219,965	1,480,188	1,122	–	1,701,275
Provision for future participating benefits	28,504,004	–	–	–	28,504,004
Provision for investment-linked contracts	–	–	2,448,957	–	2,448,957
Total insurance contract provisions, net	28,723,969	1,864,432	2,450,079	649,616	33,688,096

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INSURANCE CONTRACT PROVISIONS (CONTINUED)

	2018				
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Total \$'000
Gross					
Provision for claims and loss adjustment expenses	–	112,493	–	479,363	591,856
Provision for unexpired risks	–	234,150	–	189,058	423,208
Provision for future non-participating benefits	214,208	2,223,601	519	–	2,438,328
Provision for future participating benefits	25,803,165	–	–	–	25,803,165
Provision for investment-linked contracts	–	–	2,122,207	–	2,122,207
Total insurance contract provisions, gross	26,017,373	2,570,244	2,122,726	668,421	31,378,764
Reinsurance					
Provision for claims and loss adjustment expenses	–	–	–	42,283	42,283
Provision for unexpired risks	–	–	–	1,019	1,019
Total reinsurers' share of insurance contract provisions	–	–	–	43,302	43,302
Net					
Provision for claims and loss adjustment expenses	–	112,493	–	437,080	549,573
Provision for unexpired risks	–	234,150	–	188,039	422,189
Provision for future non-participating benefits	214,208	2,223,601	519	–	2,438,328
Provision for future participating benefits	25,803,165	–	–	–	25,803,165
Provision for investment-linked contracts	–	–	2,122,207	–	2,122,207
Total insurance contract provisions, net	26,017,373	2,570,244	2,122,726	625,119	31,335,462

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INSURANCE CONTRACT PROVISIONS (CONTINUED)

Movements in insurance contract provisions (net)

Life Insurance Par Fund

Provision for future participating / non-participating benefits

	2019 \$'000	2018 \$'000
At 1 January	26,017,373	25,529,694
Premium received	1,886,109	2,055,749
Income:		
– Investment income	2,669,497	110,113
– Other income	18,148	14,624
Claims and surrenders	(1,593,986)	(1,616,871)
Expenses	(170,934)	(170,143)
Other movements	(93,445)	102,490
Transfer to Shareholders' Fund	(8,793)	(8,283)
At 31 December	28,723,969	26,017,373

Life Insurance Non-Par Fund

(a) Provision for unexpired risks

	2019 \$'000	2018 \$'000
At 1 January	234,150	199,757
Increase in insurance provision for unexpired risk	25,348	34,393
At 31 December	259,498	234,150

(b) Provisions for future non-participating benefits and claims

	2019 \$'000	2018 \$'000
At 1 January	2,336,094	2,132,995
Increase in provision for claims	13,445	14,712
Increase in insurance contract provision		
– Business movements	755,310	156,623
Change in valuation basis		
– Discount rate	74,002	1,570
– Assumption and other changes	29,214	30,194
Transfer to liabilities held for sale	(1,603,131)	–
At 31 December	1,604,934	2,336,094
At 31 December (a) + (b)	1,864,432	2,570,244

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INSURANCE CONTRACT PROVISIONS (CONTINUED)

Movements in insurance contract provisions (net) (continued)

Investment-Linked Fund

(a) Provision for investment-linked contracts (unit reserves)

	2019 \$'000	2018 \$'000
At 1 January	2,122,207	2,117,719
Premiums	311,463	349,033
Income	283,278	(97,467)
Claims and surrenders	(259,594)	(237,862)
Expenses	(8,397)	(9,216)
At 31 December	2,448,957	2,122,207

(b) Provision for investment-linked contracts (non-unit reserves)

	2019 \$'000	2018 \$'000
At 1 January	519	259
(Decrease) / Increase in insurance contract provision		
– Business movements	(242)	239
Change in valuation basis		
– Discount rate	27	–
– Assumption and other changes	818	21
At 31 December	1,122	519
At 31 December (a) + (b)	2,450,079	2,122,726

General Insurance Fund

(a) Provision for unexpired risk

	2019 \$'000	2018 \$'000
At 1 January	188,039	187,766
Increase in insurance provision for unexpired risk	13,192	273
At 31 December	201,231	188,039

(b) Provision for claims and loss adjustment expenses

	2019 \$'000	2018 \$'000
At 1 January	437,080	444,831
Increase / (Decrease) in insurance provision for claims and loss adjustment expenses	11,305	(7,751)
At 31 December	448,385	437,080
At 31 December (a) + (b)	649,616	625,119

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. INSURANCE AND OTHER RECEIVABLES

	2019					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding premiums	57,643	14,113	–	30,990	–	102,746
Accrued interest receivable	2,867	5	–	–	–	2,872
Investment receivables	100,193	17	33,559	–	378	134,147
Trade receivables	702	–	–	2,185	(82)	2,805
Other receivables	34,547	260	–	538	403	35,748
Interfund balances	27,747	–	–	–	106,809	134,556
	223,699	14,395	33,559	33,713	107,508	412,874
Less: Allowance for impairment losses	(391)	(283)	–	(1,554)	–	(2,228)
	223,308	14,112	33,559	32,159	107,508	410,646

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding premiums	59,188	20,619	–	27,286	–	107,093
Accrued interest receivable	4,285	–	–	–	–	4,285
Investment receivables	26,866	1,173	17,643	–	1,957	47,639
Trade receivables	653	–	–	1,116	–	1,769
Other receivables	31,686	280	–	617	167	32,750
Interfund balances	28,822	–	–	–	107,494	136,316
	151,500	22,072	17,643	29,019	109,618	329,852
Less: Allowance for impairment losses	(820)	(789)	–	(1,721)	–	(3,330)
	150,680	21,283	17,643	27,298	109,618	326,522

At the reporting date, all insurance and other receivables are current, and the carrying amounts approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for impairment losses for the financial year are as follows:

2019						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
At 1 January	820	789	–	1,721	–	3,330
Impairment loss during the year	–	–	–	–	–	–
Allowance written back / utilised during the year	(429)	(506)	–	(167)	–	(1,102)
At 31 December	391	283	–	1,554	–	2,228

2018						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
At 1 January	853	455	–	1,810	–	3,118
Impairment loss during the year	–	334	–	–	–	334
Allowance written back / utilised during the year	(33)	–	–	(89)	–	(122)
At 31 December	820	789	–	1,721	–	3,330

17. CASH AND CASH EQUIVALENTS

2019						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Fixed deposits with banks	–	25,000	2,411	486	–	27,897
Cash and bank balances	415,478	100,575	53,078	45,417	33,716	648,264
	415,478	125,575	55,489	45,903	33,716	676,161

2018						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Fixed deposits with banks	–	–	500	484	–	984
Cash and bank balances	423,331	96,708	53,413	41,031	29,087	643,570
	423,331	96,708	53,913	41,515	29,087	644,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. BORROWINGS

Life Insurance Par Fund

	2019 \$'000	2018 \$'000
Lease liabilities	46,186	–
Bank borrowing	418,181	417,291
	464,367	417,291

Description	Issue Date	Maturity Date	2019 \$'000	2018 \$'000
Bank borrowing	17 January 2017	17 January 2022	418,181	417,291

The bank borrowing of \$420,000,000 (2018: \$420,000,000) was refinanced on 17 January 2017 and is repayable on 17 January 2022. The effective interest rate at reporting date is 2.44% (2018: 2.55%) per annum and the interest rates are re-priced every three months to the SGD-SOR rates.

The bank borrowing is secured by the following:

- (i) a legal mortgage over the investment property (Note 7);
- (ii) an assignment of all the rights, title and interest of the Company in and to the proceeds arising from the sale and lease of the investment property;
- (iii) an assignment of all the rights, title and interest in and to the insurances of the Company in relation to the investment property; and
- (iv) a loan with legal charges over the assets of the Company (including restricted cash) and shares of the Company.

Shareholders' Fund

Description	Issue Date	Maturity Date	2019 \$'000	2018 \$'000
\$600 million 3.65% subordinated notes	23 August 2012	23 August 2027	599,582	599,435

On 23 August 2012, the Co-operative issued \$600 million subordinated notes ("Notes") due 2027 callable from 2022. The Notes will initially bear interest at the rate of 3.65% per annum, payable semi-annually on 23 February and 23 August of each calendar year up to 23 August 2022. If the Notes are not redeemed or purchased and cancelled on 23 August 2022, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing five-year SGD swap offer rate and 1.88%, payable semi-annually in arrears. The Notes qualify as Tier 2 capital for capital adequacy purposes.

At the reporting date, the fair value of the subordinated debt is \$619,320,000 (2018: \$615,540,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2019			
	Lease liabilities \$'000	Bank borrowing \$'000	Subordinated notes \$'000	Total \$'000
At 1 January	–	417,291	599,435	1,016,726
Recognition of lease liabilities	9,548	–	–	9,548
Restated balance at 1 January 2019	9,548	417,291	599,435	1,026,274
Changes from financing cash flows				
Payment of lease liabilities	(2,318)	–	–	(2,318)
Interest paid	(1,054)	(11,269)	(21,900)	(34,223)
Total changes from financing cash flows	(3,372)	(11,269)	(21,900)	(36,541)
Other changes				
New leases	38,956	–	–	38,956
Capitalised borrowing costs	–	890	147	1,037
Interest expenses	1,054	11,269	21,900	34,223
Total other changes	40,010	12,159	22,047	74,216
Balance at 31 December	46,186	418,181	599,582	1,063,949

	2018			
	Lease liabilities \$'000	Bank borrowing \$'000	Subordinated notes \$'000	Total \$'000
At 1 January	–	416,401	599,292	1,015,693
Changes from financing cash flows				
Payment of lease liabilities	–	–	–	–
Interest paid	–	(9,453)	(21,900)	(31,353)
Total changes from financing cash flows	–	(9,453)	(21,900)	(31,353)
Other changes				
New leases	–	–	–	–
Capitalised borrowing costs	–	890	143	1,033
Interest expenses	–	9,453	21,900	31,353
Total other changes	–	10,343	22,043	32,386
Balance at 31 December	–	417,291	599,435	1,016,726

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. INSURANCE AND OTHER PAYABLES

	2019					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding claims	55,049	37,592	–	438	–	93,079
Insurance and reinsurance payables	28,922	29,597	2,343	27,689	–	88,551
Investments and other payables	1,105,748	16,470	53,524	12,885	29,319	1,217,946
Contribution to Singapore Labour Foundation	–	–	–	–	18,123	18,123
Contribution to Central Co-operative Fund	–	–	–	–	25	25
Interfund balances	1,829	30,526	402	101,799	–	134,556
	1,191,548	114,185	56,269	142,811	47,467	1,552,280
To be settled within 12 months	1,148,975	109,644	56,269	142,811	47,467	1,505,166
To be settled after 12 months	42,573	4,541	–	–	–	47,114
	1,191,548	114,185	56,269	142,811	47,467	1,552,280

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding claims	50,059	68,812	–	1,573	–	120,444
Insurance and reinsurance payables	26,801	25,142	1,144	21,234	–	74,321
Investments and other payables	751,779	20,796	43,472	10,268	24,728	851,043
Contribution to Singapore Labour Foundation	–	–	–	–	21,897	21,897
Contribution to Central Co-operative Fund	–	–	–	–	25	25
Interfund balances	4,486	32,343	2,426	97,061	–	136,316
	833,125	147,093	47,042	130,136	46,650	1,204,046
To be settled within 12 months	813,737	120,249	47,042	130,136	46,650	1,157,814
To be settled after 12 months	19,388	26,844	–	–	–	46,232
	833,125	147,093	47,042	130,136	46,650	1,204,046

At the reporting date, the carrying amounts of insurance and other payables approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. SHARE CAPITAL

	2019	2018	2019	2018
	Number of shares		\$'000	\$'000
Shareholders' Fund				
Authorised:				
100,000,000 shares of \$10 each	100,000,000	100,000,000	1,000,000	1,000,000
Common Shares				
	2019	2018	2019	2018
	Number of shares		\$'000	\$'000
Issued and fully paid common shares:				
At 1 January	32,779,079	98,808,267	327,791	988,083
Issue of shares	146,234	174,930	1,462	1,749
Conversion to Permanent Shares	–	(66,058,822)	–	(660,588)
Redemption of shares	(138,190)	(145,296)	(1,382)	(1,453)
At 31 December	32,787,123	32,779,079	327,871	327,791
Issue of shares				
	2019	2018	2019	2018
	Number of shares		\$'000	\$'000
Shares issued to employees for long service award	18,050	19,510	180	195
Shares issued for cash in respect of new subscriptions	128,184	155,420	1,282	1,554
	146,234	174,930	1,462	1,749
Permanent Shares				
	2019	2018	2019	2018
	Number of shares		\$'000	\$'000
Issued and fully paid permanent shares:				
At 1 January	66,058,822	–	660,588	–
Conversion from Common Shares	–	66,058,822	–	660,588
At 31 December	66,058,822	66,058,822	660,588	660,588

The newly issued shares rank *pari passu* in respect of distribution of dividends and bonus shares with the existing shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. SHARE CAPITAL (CONTINUED)

Members and their rights

In 2018, the Co-operative Societies (Amendment) Bill was passed and came into effect.

The amended Act stipulates that a society may issue a new class of shares called Permanent Shares, only to an institutional member and that the institutional member of a society may, with the written approval of the Registrar, subscribe, in accordance with the By-Laws of the society, for permanent shares issued by the society.

The amended Act further stipulates that the Permanent Shares cannot be withdrawn and cannot be converted to Common Shares; but may be transferred with the approval of the committee of management of the society (this refers to the Board, in the context of the Co-operative) and in accordance with this Act and the By-Laws of the society.

In 2018, the Co-operative's By-Laws were amended to allow the Co-operative to issue Permanent Shares and also convert Common Shares issued to Institutional Members, to Permanent Shares. The Permanent Shares which are issued as a result of the conversion of the Common Shares shall rank *pari passu* in all respects with any existing Permanent Shares.

Membership of the Co-operative consists of:

- (i) a Founder Member which shall be the National Trades Union Congress;
- (ii) Institutional Members which shall be the Singapore Labour Foundation, trade unions and co-operative societies as may be accepted by the Board; and
- (iii) Ordinary Members who shall be individual persons who hold an individual life insurance policy with the Co-operative or hold at least 10 Common Shares in the Co-operative or are such other persons who may from time to time be admitted at the discretion of the Board on such terms as the Board may decide and in accordance with the By-Laws of the Co-operative.

A Member of the Co-operative may attend and vote in person at any General Meeting of the Co-operative. Ordinary Members have one vote each, and Institutional Members and the Founder Member, each have a total number of votes equal to the number of Common Shares and Permanent Shares (if any) held.

An Ordinary Member who holds only Common Shares and does not hold any Permanent Shares may withdraw his Common Shares, on giving three months' notice in writing. The Board may at its discretion and on such conditions as it deems fit, waive or vary the notice period and allow the withdrawal of the Common Shares at an earlier date.

The Ordinary Member withdrawing shall be entitled on the expiry of his notice to receive as the value of his Common Shares the lesser of the nominal value of the Common Shares; and what they are worth as disclosed by the last audited statement of financial position prepared by the Co-operative.

An Institutional Member who holds any Permanent Shares may withdraw from the Co-operative only after all its Permanent Shares are disposed of (by way of share transfer to an Institutional Member or purchase by the Co-operative).

In the event of the winding up of the Co-operative, the assets, including the reserve fund, shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-operative, then to the payment of the share capital or subscription capital, and then, provided that the By-Laws of the Co-operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Co-operative Societies Rules 2009 ("Rules") or in the By-Laws for any period during which no dividend or patronage refund was in fact paid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. SHARE CAPITAL (CONTINUED)

Members and their rights (continued)

Any monies remaining after the application of the funds to the purposes specified in the above paragraph (Section 88 of the Act) and any sums unclaimed after two years under Section 89(2) (which relates to claims of creditors), shall not be divided among the Members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar.

Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of co-operative principles in such manner, as the Minister may determine from time to time.

The Common Shares and the Permanent Shares are presented as equity on the statement of financial position. The redemption rights of the Ordinary Members and Institutional Members holding the Common Shares and the requirements of FRS 32 *Financial Instruments: Presentation* are described in Note 2(s) of significant accounting policies.

21. RESERVES FOR FUTURE DISTRIBUTION

The Group has designated an amount of \$150,240,000 (2018: \$500,142,000) as reserves for future distribution. This amount relates to the ElderShield Supplement and IncomeShield business (2018: ElderShield Supplement, ElderShield Basic and IncomeShield business). The reserves are set aside because the underlying risk for IncomeShield and ElderShield Supplement is uncertain and of a long term nature, it is prudent to earmark this amount as being available for distribution only when the trend of the experience can be clearly established.

22. FEE AND OTHER INCOME

	2019					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Reinsurance commission	8,395	57	45	5,816	–	14,313
Management and other fees	9,753	–	–	–	–	9,753
Other Income	–	–	–	–	3,640	3,640
	18,148	57	45	5,816	3,640	27,706

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Reinsurance commission	3,705	64	12	5,749	–	9,530
Management and other fees	10,916	–	–	–	–	10,916
Other Income	–	–	–	–	128,505	128,505
	14,621	64	12	5,749	128,505	148,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. NET INVESTMENT INCOME / (LOSSES) AND FAIR VALUE GAINS / (LOSSES)

	2019					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Interest income						
– cash and cash equivalents	1,996	1,557	165	264	96	4,078
– loans	37,915	5	–	1	–	37,921
	39,911	1,562	165	265	96	41,999
Dividend income	224,437	12,187	71,343	13,567	13,647	335,181
Net rental income:						
– rental income	91,999	–	–	–	–	91,999
Less:						
Investment properties maintenance	(26,733)	–	–	–	–	(26,733)
	65,266	–	–	–	–	65,266
Loss on disposal of investment properties	–	–	–	–	–	–
Realised gain on sale of AFS investments	105,841	1	–	4	11,542	117,388
Net gain / (loss) and changes in fair value of:						
– investments designated as fair value through profit or loss	2,155,167	313,934	222,744	49,763	38,278	2,779,886
– derivatives	175,804	5,386	3,316	4,098	8,224	196,828
– investment properties	18,457	–	–	–	–	18,457
	2,349,428	319,320	226,060	53,861	46,502	2,995,171
Less:						
Investment expenses	(68,467)	(6,679)	(6,098)	(2,528)	(3,665)	(87,437)
Allowance for impairment written back / (made) on:						
– loans	29	–	–	34	–	63
– available-for-sale investments	(31,385)	–	–	–	–	(31,385)
	(31,356)	–	–	34	–	(31,322)
Loans written back / (written off)	73	–	–	(34)	–	39
Others	356	507	36	234	(16)	1,117
Net investment income and fair value gains	2,685,489	326,898	291,506	65,403	68,106	3,437,402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. NET INVESTMENT INCOME / (LOSSES) AND FAIR VALUE GAINS / (LOSSES) (CONTINUED)

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Interest income						
– cash and cash equivalents	2,050	424	91	200	429	3,194
– loans	38,280	6	–	1	–	38,287
	40,330	430	91	201	429	41,481
Dividend income	210,250	7,261	61,601	15,991	13,998	309,101
Net rental income:						
– rental income	91,582	–	–	–	–	91,582
Less:						
Investment properties maintenance	(26,852)	–	–	–	–	(26,852)
	64,730	–	–	–	–	64,730
Loss on disposal of investment properties	(15)	–	–	–	–	(15)
Realised gain on sale of AFS investments	107,845	–	–	–	8,136	115,981
Net gain / (loss) and changes in fair value of:						
– investments designated as fair value through profit or loss	(209,540)	52,377	(148,371)	7,492	12,930	(285,112)
– derivatives	(66,343)	(10,506)	502	(4,302)	(3,598)	(84,247)
– investment properties	49,357	–	–	–	–	49,357
	(226,526)	41,871	(147,869)	3,190	9,332	(320,002)
Less:						
Investment expenses	(55,784)	(4,078)	(9,044)	(2,131)	(3,868)	(74,905)
Allowance for impairment written back / (made) on:						
– loans	39	–	–	3	–	42
– available-for-sale investments	–	–	–	–	–	–
	39	–	–	3	–	42
Loans written back / (written off)	53	–	–	–	–	53
Others	580	(333)	3,851	191	(30)	4,259
Net investment income and fair value gains	141,502	45,151	(91,370)	17,445	27,997	140,725

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. MANAGEMENT EXPENSES

The following items are included in management expenses:

	The Group	
	2019 \$'000	2018 \$'000
Staff costs		
– Salaries, bonuses and staff benefits	127,840	124,493
– Employer's contribution to defined contribution plan	13,845	13,212
Advertising and promotion	13,863	11,102
Depreciation and amortisation	31,118	17,657
Printing, postage and stationery	5,126	5,114
Rental expenses	7,773	9,325

25. IMMEDIATE AND ULTIMATE HOLDING ENTITY

The Co-operative's immediate and ultimate holding entity is NTUC Enterprise Co-operative Limited, registered in Singapore.

26. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

In addition to the related party information shown elsewhere in the financial statements, the following significant related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

(a) Sales and purchases of goods and services

	The Group	
	2019 \$'000	2018 \$'000
Insurance related transactions with		
– Parent	159	(3)
– Subsidiaries	(708)	65
– Associated companies	21	6
– Other related parties	2,395	(286)
	1,867	(218)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Sales and purchases of goods and services (continued)

	The Group	
	2019 \$'000	2018 \$'000
Investment related transactions with		
– Subsidiaries	9,800	–
– Joint ventures	5,688	5,688
– Associated companies	(124,416)	(38,685)
– Other related parties	6,413	6,983
	(102,515)	(26,014)
Purchases of goods / rental / management of investment properties with		
– Parent	(620)	(1,190)
– Subsidiaries	(792)	(153)
– Associated companies	(30,904)	(1,355)
– Other related parties	(4,660)	(2,170)
	(36,976)	(4,868)
Dividends to		
– Parent	(39,635)	(33,777)

Other related parties comprise mainly entities which are members of the NTUC Enterprise Co-operative Limited group.

(b) Key management personnel compensation

	The Group	
	2019 \$'000	2018 \$'000
Salaries and other benefits	11,545	10,412
Employer's contribution to defined contribution plan	221	213
Directors' fees	895	915
	12,661	11,540

27. DIVIDENDS

	2019 \$'000	2018 \$'000
<i>Ordinary dividends paid:</i>		
Common share	18,797	52,563
Permanent share	39,635	–
Final exempt dividend paid in respect of the previous financial year of 60 cents (2018: 60 cents)	58,432	52,563

The Directors have proposed a dividend of 60 cents (2018: 60 cents) per share and a special dividend of 15 cents per share (2018: nil), amounting to \$73,073,000 (2018: \$59,303,000) to be paid in respect of the financial year ended 31 December 2019. The financial statements will reflect this dividend payable in the Shareholders' Fund as an appropriation of surplus in the year ending 31 December 2020 after approval is obtained during the Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. ACCUMULATED SURPLUS OF LIFE INSURANCE PAR FUND

In accordance with regulations, a surplus account is maintained whereby surpluses not transferred to the Shareholders' Fund are retained in the surplus account to strengthen the Life Insurance Par Fund. The quantum retained in the surplus account is approved by the Board on the recommendation of the appointed actuary.

29. ACCUMULATED SURPLUS OF SHAREHOLDERS' FUND AND OTHER INSURANCE FUNDS

	2019 \$'000	2018 \$'000
Accumulated surplus in other Insurance Funds	2,242,672	1,750,933
Accumulated deficit in Shareholders' Fund	(161,570)	(204,933)
Net surplus of Shareholders' Fund and other Insurance funds	2,081,102	1,546,000
Available for distribution for members of the Group	1,054,163	684,103
Non-distributable amount	1,026,939	861,897

The non-distributable amount must be maintained to meet regulatory capital requirement prescribed in the Insurance (Valuation and Capital) Regulations 2004 under the Insurance Act as determined by the Appointed Actuary, and to meet other statutory requirements.

30. LEASES

Leases as lessee (FRS 116)

The Group leases retail, office and industrial spaces. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (Note 5).

	Properties 2019 \$'000
Restated balance at 1 January	9,882
Depreciation charge for the year	(4,863)
Additions to right-of-use assets	40,550
Balance at 31 December	45,569

Amounts recognised in profit or loss

2019 – Lease under FRS 116

	2019 \$'000
Interest on lease liabilities	1,054
Expenses relating to short-term leases	3,890
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	74

2018 – Operating lease under FRS 17

Lease expense	9,325
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Amount recognised in statement of cash flows

	2019 \$'000
Total cash outflow for leases	3,372

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. LEASES (CONTINUED)

Extension options

Some property leases contains extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant events or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in undiscounted lease liability of \$20,277,000.

Leases as lessor

The Group leases out retail and commercial space from their investment properties under non-cancellable operating leases. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 7 sets out information about the operating leases of investment property.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2019 – Operating leases under FRS 116

	<u>The Group</u>
	<u>\$'000</u>
Less than one year	67,524
One to two years	47,427
Two to three years	32,458
Three to four years	19,647
Four to five years	8,851
More than five years	5,437
Total	181,344

2018 – Operating leases under FRS 17

	<u>The Group</u>
	<u>\$'000</u>
Not later than one year	65,514
Between one and five years	76,355
Total	141,869

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. COMMITMENT

Outstanding investment commitments are as follows:

	The Group	
	2019 \$'000	2018 \$'000
Outstanding investment commitments	918,396	653,356

32. ASSETS AND LIABILITIES HELD FOR SALE

In the Ministry of Health ("the Ministry") press release in January 2019, it was announced that they had reached an agreement with the ElderShield Basic Scheme insurers for the Government to take over the administration of the ElderShield Basic Scheme in 2021. The Co-operative will continue to administer the Scheme until 2021.

ElderShield Basic Scheme insurers will transfer to the Government the liabilities and corresponding assets backing these liabilities for all policies under the ElderShield Basic Scheme.

With the enactment of the CareShield Life and Long-Term Care Act at the end of 2019, and the conditions for transfer confirmed in writing on 6 January 2020 by the Ministry, the related assets and liabilities have been derecognised subsequent to the year end. Accordingly, the assets and liabilities of ElderShield Basic are classified as assets and liabilities held for sale as at 31 December 2019 and will continue to be administered by the Co-operative until physical transfer expected in 2021.

As at 31 December 2019, the assets and liabilities held for sale was stated at fair value and comprised of the following assets and liabilities:

	2019 \$'000
Other financial assets	1,542,789
Derivative financial instruments	605
Insurance and other receivables	4,636
Cash and cash equivalents	102,511
Assets held for sale	1,650,541
Insurance contract provisions	1,603,131
Insurance and other payables	41,663
Liabilities held for sale	1,644,794

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109

As detailed in Note 2(w) of significant accounting policies, the Group has decided to apply for temporary exemption from FRS 109. The tables below present the disclosure requirements stipulated in Amendments to FRS 104 *Insurance Contracts*.

- (i) The fair value as at 31 December 2019 and the amount of change in the fair value during the period separately for other financial assets and loans are as follows:

	2019					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Amortised cost ("Hold to collect" business model)						
– loans	95,941	–	–	–	–	95,941
– other receivables	110,225	283	33,559	444	604	145,115
– cash and cash equivalents	415,478	125,575	55,489	45,903	33,716	676,161
Total financial assets at amortised cost	621,644	125,858	89,048	46,347	34,320	917,217
Fair value through other comprehensive income ("Hold to collect and sell" business model)						
Equities	18,846	–	–	–	–	18,846
Debt securities	–	–	–	–	–	–
Total financial assets at fair value through other comprehensive income	18,846	–	–	–	–	18,846
Fair value through profit or loss						
– equities	4,959,846	1,430	711,731	–	158,522	5,831,529
– funds	2,971,800	471,651	1,279,995	365,295	295,862	5,384,603
– debt securities	18,909,803	3,145,375	428,091	980,458	657,802	24,121,529
– derivative financial instruments	190,857	11,969	2,942	5,644	9,782	221,194
	27,032,306	3,630,425	2,422,759	1,351,397	1,121,968	35,558,855
Total fair value of financial assets	27,672,796	3,756,283	2,511,807	1,397,744	1,156,288	36,494,918

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2019						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000		Total \$'000
Change in fair value							
Amortised cost ("Hold to collect" business model)							
– loans	–	–	–	–	–	–	–
– other receivables	–	–	–	–	–	–	–
– cash and cash equivalents	–	–	–	–	–	–	–
Total financial assets at amortised cost	–	–	–	–	–	–	–
Fair value through other comprehensive income ("Hold to collect and sell" business model)							
Equities	2,028	–	–	–	–	–	2,028
Debt securities	–	–	–	–	–	–	–
Total financial assets at fair value through other comprehensive income	2,028	–	–	–	–	–	2,028
Fair value through profit or loss							
– equities	631,061	10,341	76,897	–	16,549	734,848	
– funds	108,908	32,611	69,523	14,807	22,999	248,848	
– debt securities	597,240	81,202	13,648	4,666	24,770	721,526	
– derivative financial instruments	65,207	4,445	1,539	1,411	1,696	74,298	
Total financial assets at fair value through profit or loss	1,402,416	128,599	161,607	20,884	66,014	1,779,520	
Total carrying amount of financial assets	1,404,444	128,599	161,607	20,884	66,014	1,781,548	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2018						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000		Total \$'000
Amortised cost ("Hold to collect" business model)							
- loans	100,383	-	-	-	-	-	100,383
- other receivables	39,159	1,453	17,643	522	2,076		60,853
- cash and cash equivalents	423,331	96,708	53,913	41,515	29,087		644,554
Total financial assets at amortised cost	562,873	98,161	71,556	42,037	31,163		805,790
Fair value through other comprehensive income ("Hold to collect and sell" business model)							
Debt securities	1,479,536	207,691	-	961,690	605,239		3,254,156
Total financial assets at fair value through other comprehensive income	1,479,536	207,691	-	961,690	605,239		3,254,156
Fair value through profit or loss							
- equities	4,143,831	88,834	648,069	-	146,885		5,027,619
- funds	2,511,054	244,952	1,024,741	360,005	251,532		4,392,284
- debt securities	15,796,330	3,681,750	429,267	4,291	24,802		19,936,440
- derivative financial instruments	113,157	6,570	1,659	2,115	6,748		130,249
	22,564,372	4,022,106	2,103,736	366,411	429,967		29,486,592
Total fair value of financial assets	24,606,781	4,327,958	2,175,292	1,370,138	1,066,369		33,546,538

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2018					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Change in fair value						
Amortised cost ("Hold to collect" business model)						
– loans	–	–	–	–	–	–
– other receivables	–	–	–	–	–	–
– cash and cash equivalents	–	–	–	–	–	–
Total financial assets at amortised cost	–	–	–	–	–	–
Fair value through other comprehensive income ("Hold to collect and sell" business model)						
Debt securities	16,624	(8,735)	–	(3,471)	(7,846)	(3,428)
Total financial assets at fair value through other comprehensive income	16,624	(8,735)	–	(3,471)	(7,846)	(3,428)
Fair value through profit or loss						
– equities	(587,175)	(10,440)	(112,784)	(19,795)	(37,079)	(767,273)
– funds	(108,635)	(4,465)	(102,645)	17,507	(24,621)	(222,859)
– debt securities	(95,949)	(30,602)	(3,584)	(134)	552	(129,717)
– derivative financial instruments	553	(6,774)	(1,015)	(1,549)	(76)	(8,861)
Total financial assets at fair value through profit or loss	(791,206)	(52,281)	(220,028)	(3,971)	(61,224)	(1,128,710)
Total carrying amount of financial assets	(774,582)	(61,016)	(220,028)	(7,442)	(69,070)	(1,132,138)

For financial assets at amortised cost and fair value through other comprehensive income, their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets at fair value through profit or loss, they are mandatorily measured at fair value through profit or loss because they either (a) contain contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, (b) meet the definition of held for trading in FRS 109, or (c) are managed and performance evaluated on a fair value basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

- (ii) The carrying amounts of financial assets by credit risk rating grades that are not classified as measured at fair value through profit or loss are as follows:

	2019			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
Amortised cost ("Hold to collect" business model)				
– loans	–	–	95,941	95,941
– other receivables	–	–	145,115	145,115
– cash and cash equivalents	676,161	–	–	676,161
Total financial assets at amortised cost	676,161	–	241,056	917,217
Fair value through other comprehensive income ("Hold to collect and sell" business model)				
Debt securities	–	–	–	–
Total financial assets at fair value through other comprehensive income	–	–	–	–
Total fair value of financial assets	676,161	–	241,056	917,217
	2018			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
Amortised cost ("Hold to collect" business model)				
– loans	–	–	100,383	100,383
– other receivables	–	–	60,853	60,853
– cash and cash equivalents	644,554	–	–	644,554
Total financial assets at amortised cost	644,554	–	161,236	805,790
Fair value through other comprehensive income ("Hold to collect and sell" business model)				
Debt securities	1,712,607	1,721	1,539,828	3,254,156
Total financial assets at fair value through other comprehensive income	1,712,607	1,721	1,539,828	3,254,156
Total fair value of financial assets	2,357,161	1,721	1,701,064	4,059,946

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

- (iii) Financial assets with low credit risk are those which have a low risk of default, the issuer or borrower has a strong capacity to meet its contractual cash flow obligations in the near term and ability to fulfil its obligations may, but will not necessarily, be reduced by adverse changes in economic and business conditions in the long term.

For financial assets that do not have low credit risk as at 31 December 2019, the fair value and the carrying amount under FRS 109 are as follows:

	2019						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000		Total \$'000
Amortised cost ("Hold to collect" business model)							
– loans	11	–	–	–	–		11
– other receivables	391	–	–	–	–		391
Total financial assets at amortised cost	402	–	–	–	–		402
Fair value through other comprehensive income ("Hold to collect and sell" business model)							
Debt securities	–	–	–	–	–		–
Total financial assets at fair value through other comprehensive income	–	–	–	–	–		–
Total fair value of financial assets	402	–	–	–	–		402
	2019						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000		Total \$'000
Carrying amount							
Amortised cost ("Hold to collect" business model)							
– loans	11	–	–	–	–		11
– other receivables	391	–	–	–	–		391
Total financial assets at amortised cost	402	–	–	–	–		402
Fair value through other comprehensive income ("Hold to collect and sell" business model)							
Debt securities	–	–	–	–	–		–
Total financial assets at fair value through other comprehensive income	–	–	–	–	–		–
Total fair value of financial assets	402	–	–	–	–		402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

2018						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Amortised cost ("Hold to collect" business model)						
– loans	40	–	–	34	–	74
– other receivables	820	–	–	–	–	820
Total financial assets at amortised cost	860	–	–	34	–	894
Fair value through other comprehensive income ("Hold to collect and sell" business model)						
Debt securities	–	–	–	–	1,721	1,721
Total financial assets at fair value through other comprehensive income	–	–	–	–	1,721	1,721
Total fair value of financial assets	860	–	–	34	1,721	2,615

2018						
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Carrying amount						
Amortised cost ("Hold to collect" business model)						
– loans	40	–	–	34	–	74
– other receivables	820	–	–	–	–	820
Total financial assets at amortised cost	860	–	–	34	–	894
Fair value through other comprehensive income ("Hold to collect and sell" business model)						
Debt securities	–	–	–	–	1,864	1,864
Total financial assets at fair value through other comprehensive income	–	–	–	–	1,864	1,864
Total fair value of financial assets	860	–	–	34	1,864	2,758

For financial assets measured at amortised cost, the carrying amount is before adjusting for any impairment allowances

- (iv) FRS 109 information could be obtained from the publicly available individual or separate financial statements of the Group's subsidiaries, joint venture and associates that has applied FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. ADOPTION OF NEW STANDARDS

The Group applied FRS 116, interpretations and requirement of FRS 116 which are mandatorily effective for annual period beginning on 1 January 2019.

The Group applied FRS 116 using modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under FRS 17. The Group now assesses whether the contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property and equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under FRS 116, the Group recognised ROU assets and lease liability for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease associated non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. ADOPTION OF NEW STANDARDS (CONTINUED)

Leases classified as operating lease under FRS 17

Previously, the Group classified property leases as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. ROU assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

The Group has tested its ROU assets for impairment on the date of transition and has concluded that there is no indication that the ROU assets are impaired.

The Group used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Group:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise ROU assets and liabilities for leases of low value assets (e.g. office equipment)
- excluded initial direct costs from the measurement of the ROU asset at the date of initial application; and
- used hindsight when determining the lease term

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to FRS 116 for leases in which it acts as a lessor.

The Group has applied FRS 115 Revenue from Contracts with Customer to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements

Impact on transition

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average applied is 2.8%.

	1 January 2019 \$'000
Operating lease commitments at 31 December 2018 as disclosed under FRS 17 in the Group's consolidated financial statements	30,151
Less: Lease committed but not commenced at 31 December 2018	(22,211)
	7,940
Discounted using the incremental borrowing rate at 1 January 2019	4,608
Add: Extension options reasonably certain to be exercised	4,940
Lease liabilities recognised at 1 January 2019 (Note 18)	9,548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 117 *Insurance Contracts*.

FRS 117 is effective for years beginning on or after 1 January 2021, and is to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace FRS 104 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements.

As FRS 117, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, these standards are expected to be relevant to the Group. For FRS 117, the Group is currently assessing the impact on the financial statements of the Group.

36. AUTHORISATION FOR ISSUE

These financial statements were approved by the Board of Directors at a meeting held on 27 March 2020 and authorised for release on 27 March 2020.

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