

Income Statements

For the financial year ended 31 December 2024

	Note	GROUP		BANK	
		2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Interest income		22,444	20,867	16,532	15,154
Interest expense		(12,689)	(11,222)	(10,402)	(9,130)
Net interest income	3	9,755	9,645	6,130	6,024
Insurance service results from life insurance ⁽¹⁾	4	592	427	–	–
Net investment income from life insurance	4	6,124	5,590	–	–
Net insurance financial result from life insurance	4	(5,811)	(5,239)	–	–
Insurance service results from general insurance		12	30	–	–
Fees and commissions (net)	5	1,970	1,804	943	881
Dividends from subsidiaries and associates	6	–	–	1,668	1,499
Net trading income	7	1,537	1,004	739	415
Other income	8	294	246	1,171	219
Non-interest income		4,718	3,862	4,521	3,014
Total income		14,473	13,507	10,651	9,038
Staff costs		(3,837)	(3,501)	(1,448)	(1,221)
Other operating expenses		(1,905)	(1,722)	(1,532)	(1,418)
Total operating expenses	9	(5,742)	(5,223)	(2,980)	(2,639)
Operating profit before allowances and amortisation		8,731	8,284	7,671	6,399
Amortisation of intangible assets	36	(59)	(103)	–	–
Allowances for loans and other assets	10	(690)	(733)	(191)	(476)
Operating profit after allowances and amortisation		7,982	7,448	7,480	5,923
Share of results of associates, net of tax		994	953	–	–
Profit before income tax		8,976	8,401	7,480	5,923
Income tax expense	11	(1,228)	(1,236)	(619)	(664)
Profit for the year		7,748	7,165	6,861	5,259
Attributable to:					
Equity holders of the Bank		7,587	7,021		
Non-controlling interests		161	144		
		7,748	7,165		
Earnings per share (\$)	12				
Basic		1.67	1.55		
Diluted		1.67	1.55		

⁽¹⁾ Includes insurance revenue of \$6,180 million (2023: \$5,717 million) and insurance service expense of \$5,701 million (2023: \$4,758 million).

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2024

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Profit for the year	7,748	7,165	6,861	5,259
Other comprehensive income:				
Items that may be reclassified subsequently to income statement:				
Financial assets, at FVOCI ⁽¹⁾				
Fair value gains for the year	344	839	245	319
Reclassification of (gains)/losses to income statement				
– on disposal	(12)	1	(14)	(44)
– on impairment	(4)	3	5	2
Tax on net movements	(21)	(116)	(4)	(15)
Cash flow and other hedges	70	105	94	69
Currency translation on foreign operations	334	(480)	(52)	(41)
Other comprehensive income/(losses) of associates	388	(145)	–	–
Net insurance financial result	(77)	37	–	–
Items that will not be reclassified subsequently to income statement:				
Currency translation on foreign operations attributable to non-controlling interests	(2)	(12)	–	–
Equity instruments, at FVOCI, ⁽¹⁾ net change in fair value	172	(65)	(9)	(10)
Defined benefit plans remeasurements	#	(1)	#	–
Own credit	(1)	(1)	#	(1)
Total other comprehensive income, net of tax	1,191	165	265	279
Total comprehensive income for the year, net of tax	8,939	7,330	7,126	5,538
Total comprehensive income attributable to:				
Equity holders of the Bank	8,763	7,145		
Non-controlling interests	176	185		
	8,939	7,330		

(1) Fair value through other comprehensive income.

(2) # represents amounts less than \$0.5 million.

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 December 2024

	Note	GROUP		BANK	
		31 December 2024 \$ million	31 December 2023 \$ million	31 December 2024 \$ million	31 December 2023 \$ million
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13	18,096	18,045	18,096	18,045
Other equity instruments	14	1,698	1,248	1,698	1,248
Capital reserves	15	830	815	534	544
Fair value reserves		313	(439)	(225)	(435)
Revenue reserves	16	38,379	34,501	21,929	18,935
		59,316	54,170	42,032	38,337
Non-controlling interests		1,064	1,384	–	–
Total equity		60,380	55,554	42,032	38,337
LIABILITIES					
Deposits of non-bank customers	17	390,687	363,770	253,175	236,151
Deposits and balances of banks	17	11,565	10,884	8,951	8,080
Due to subsidiaries		–	–	46,602	38,828
Due to associates		324	276	232	186
Trading portfolio liabilities		281	194	222	194
Derivative payables	18	16,238	13,720	12,855	12,083
Other liabilities	19	9,370	9,156	3,982	3,565
Current tax payables		879	1,037	560	721
Deferred tax liabilities	20	841	636	138	106
Debt issued	21	31,553	26,553	30,321	25,721
		461,738	426,226	357,038	325,635
Insurance contract liabilities and other liabilities for life insurance funds	22	102,932	99,644	–	–
Total liabilities		564,670	525,870	357,038	325,635
Total equity and liabilities		625,050	581,424	399,070	363,972
ASSETS					
Cash and placements with central banks	23	34,599	34,286	30,525	28,450
Singapore government treasury bills and securities	24	14,316	19,165	13,182	17,832
Other government treasury bills and securities	24	30,369	26,465	11,196	10,804
Placements with and loans to banks	25	42,407	38,051	32,174	28,773
Loans to customers	26	315,096	292,754	227,598	207,508
Debt and equity securities	29	43,413	36,591	26,311	22,432
Derivative receivables	18	17,203	12,976	13,582	11,417
Other assets	31	7,761	7,278	3,784	3,463
Deferred tax assets	20	538	586	175	133
Associates	32	8,153	7,003	2,234	2,241
Subsidiaries	33	–	–	35,471	27,701
Property, plant and equipment	34	3,725	3,528	914	882
Investment property	35	675	723	57	469
Goodwill and other intangible assets	36	4,504	4,501	1,867	1,867
		522,759	483,907	399,070	363,972
Investment securities for life insurance funds	22	94,452	89,570	–	–
Other assets for life insurance funds	22	7,839	7,947	–	–
Total assets		625,050	581,424	399,070	363,972

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity – Group

For the financial year ended 31 December 2024

In \$ million	Attributable to equity holders of the Bank						Non-controlling interests	Total equity
	Share capital and other equity	Capital reserves ⁽¹⁾	Fair value reserves	Revenue reserves	Total			
At 1 January 2024	19,293	815	(439)	34,501	54,170	1,384	55,554	
Total comprehensive income for the year								
Profit for the year	–	–	–	7,587	7,587	161	7,748	
Other comprehensive income								
Items that may be reclassified subsequently to income statement:								
Financial assets, at FVOCI								
Fair value gains/(losses) for the year	–	–	351	–	351	(7)	344	
Reclassification of (gains)/losses to income statement								
– on disposal	–	–	(17)	–	(17)	5	(12)	
– on impairment	–	–	(3)	–	(3)	(1)	(4)	
Tax on net movements	–	–	(22)	–	(22)	1	(21)	
Cash flow and other hedges	–	–	–	70	70	–	70	
Net insurance financial result	–	–	–	(74)	(74)	(3)	(77)	
Currency translation on foreign operations	–	–	–	334	334	–	334	
Other comprehensive income of associates	–	–	365	23	388	–	388	
Items that will not be reclassified subsequently to income statement:								
Currency translation on foreign operations attributable to non-controlling interests	–	–	–	–	–	(2)	(2)	
Equity instruments, at FVOCI, net change in fair value	–	–	78	72	150	22	172	
Defined benefit plans remeasurements	–	–	–	#	#	#	#	
Own credit	–	–	–	(1)	(1)	–	(1)	
Total other comprehensive income, net of tax	–	–	752	424	1,176	15	1,191	
Total comprehensive income for the year	–	–	752	8,011	8,763	176	8,939	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Transfers	16	(6)	–	(10)	–	–	–	
Buy-back of shares for holding as treasury shares	(194)	–	–	–	(194)	–	(194)	
Dividends and distributions	–	–	–	(3,933)	(3,933)	(54)	(3,987)	
DSP reserve from dividends on unvested shares	–	–	–	11	11	–	11	
Perpetual capital securities issued	450	–	–	–	450	–	450	
Share-based payments for staff costs	–	6	–	–	6	–	6	
Shares issued to non-executive directors	1	–	–	–	1	–	1	
Shares transferred to DSP Trust	–	(16)	–	–	(16)	–	(16)	
Shares vested under DSP Scheme	–	107	–	–	107	–	107	
Treasury shares transferred/sold	228	(76)	–	–	152	–	152	
Total contributions by and distributions to owners	501	15	–	(3,932)	(3,416)	(54)	(3,470)	
Changes in non-controlling interest	–	–	–	(201)	(201)	(442)	(643)	
At 31 December 2024	19,794	830	313	38,379	59,316	1,064	60,380	
Included in the balances:								
Share of reserves of associates	–	–	600	4,789	5,389	–	5,389	

(1) Included regulatory loss allowance reserve of \$455 million at 1 January 2024 and 31 December 2024.

(2) # represents amounts less than \$0.5 million.

An analysis of the movements in each component within “Share capital”, “Other equity instruments”, “Capital reserves” and “Revenue reserves” is presented in Notes 13 to 16.

The accompanying notes form an integral part of these financial statements.

Attributable to equity holders of the Bank

In \$ million	Share capital and other equity	Capital reserves ⁽¹⁾	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
At 1 January 2023	19,744	792	(1,140)	31,721	51,117	1,308	52,425
Total comprehensive income for the year							
Profit for the year	–	–	–	7,021	7,021	144	7,165
Other comprehensive income							
Items that may be reclassified subsequently to income statement:							
Financial assets, at FVOCI							
Fair value gains for the year	–	–	793	–	793	46	839
Reclassification of (gains)/losses to income statement							
– on disposal	–	–	(5)	–	(5)	6	1
– on impairment	–	–	3	–	3	#	3
Tax on net movements	–	–	(107)	–	(107)	(9)	(116)
Cash flow and other hedges	–	–	–	105	105	–	105
Net insurance financial result	–	–	–	34	34	3	37
Currency translation on foreign operations	–	–	–	(480)	(480)	–	(480)
Other comprehensive income/(losses) of associates	–	–	98	(243)	(145)	–	(145)
Items that will not be reclassified subsequently to income statement:							
Currency translation on foreign operations attributable to non-controlling interests	–	–	–	–	–	(12)	(12)
Equity instruments, at FVOCI, net change in fair value	–	–	(81)	9	(72)	7	(65)
Defined benefit plans remeasurements	–	–	–	(1)	(1)	(#)	(1)
Own credit	–	–	–	(1)	(1)	–	(1)
Total other comprehensive income, net of tax	–	–	701	(577)	124	41	165
Total comprehensive income for the year	–	–	701	6,444	7,145	185	7,330
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	22	(12)	–	(10)	–	–	–
Buy-back of shares for holding as treasury shares	(205)	–	–	–	(205)	–	(205)
Dividends and distributions	–	–	–	(3,664)	(3,664)	(69)	(3,733)
DSP reserve from dividends on unvested shares	–	–	–	16	16	–	16
Perpetual capital securities issued	550	–	–	–	550	–	550
Redemption of perpetual capital securities	(998)	–	–	(2)	(1,000)	–	(1,000)
Share-based payments for staff costs	–	6	–	–	6	–	6
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(17)	–	–	(17)	–	(17)
Shares vested under DSP Scheme	–	113	–	–	113	–	113
Treasury shares transferred/sold	179	(67)	–	–	112	–	112
Total contributions by and distributions to owners	(451)	23	–	(3,660)	(4,088)	(69)	(4,157)
Changes in non-controlling interest	–	–	–	(4)	(4)	(40)	(44)
At 31 December 2023	19,293	815	(439)	34,501	54,170	1,384	55,554
Included in the balances:							
Share of reserves of associates	–	–	235	3,916	4,151	–	4,151

⁽¹⁾ Included regulatory loss allowance reserve of \$455 million at 1 January 2023 and 31 December 2023.

⁽²⁾ # represents amounts less than \$0.5 million.

An analysis of the movements in each component within “Share capital”, “Other equity instruments”, “Capital reserves” and “Revenue reserves” is presented in Notes 13 to 16.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity – Bank

For the financial year ended 31 December 2024

In \$ million	Share capital and other equity	Capital reserves ⁽¹⁾	Fair value reserves	Revenue reserves	Total equity
At 1 January 2024	19,293	544	(435)	18,935	38,337
Profit for the year	–	–	–	6,861	6,861
Other comprehensive income	–	–	210	55	265
Total comprehensive income for the year ⁽²⁾	–	–	210	6,916	7,126
Transfers	16	(16)	–	–	–
Buy-back of shares for holding as treasury shares	(194)	–	–	–	(194)
Dividends and distributions	–	–	–	(3,933)	(3,933)
DSP reserve from dividends on unvested shares	–	–	–	11	11
Perpetual capital securities issued	450	–	–	–	450
Share-based payments for staff costs	–	6	–	–	6
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	228	–	–	–	228
At 31 December 2024	19,794	534	(225)	21,929	42,032
At 1 January 2023	19,744	560	(674)	17,286	36,916
Profit for the year	–	–	–	5,259	5,259
Other comprehensive income	–	–	239	40	279
Total comprehensive income for the year ⁽²⁾	–	–	239	5,299	5,538
Transfers	22	(22)	–	–	–
Buy-back of shares for holding as treasury shares	(205)	–	–	–	(205)
Dividends and distributions	–	–	–	(3,664)	(3,664)
DSP reserve from dividends on unvested shares	–	–	–	16	16
Perpetual capital securities issued	550	–	–	–	550
Redemption of perpetual capital securities	(998)	–	–	(2)	(1,000)
Share-based payments for staff costs	–	6	–	–	6
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	179	–	–	–	179
At 31 December 2023	19,293	544	(435)	18,935	38,337

⁽¹⁾ Included regulatory loss allowance reserve of \$444 million at 1 January 2024, 1 January 2023, 31 December 2024 and 31 December 2023.

⁽²⁾ Refer to Statements of Comprehensive Income for detailed breakdown.

An analysis of the movements in each component within “Share capital”, “Other equity instruments”, “Capital reserves” and “Revenue reserves” is presented in Notes 13 to 16.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2024

In \$ million	2024	2023
Cash flows from operating activities		
Profit before income tax	8,976	8,401
Adjustments for non-cash items:		
Allowances for loans and other assets	690	733
Amortisation of intangible assets	59	103
Change in hedging transactions, fair value through profit or loss securities and debt issued	356	21
Depreciation of property and equipment and interest expense on lease liabilities	463	447
Net gain on disposal of government, debt and equity securities	(24)	(47)
Net gain on disposal of property and equipment	(36)	(71)
Share-based costs	62	61
Share of results of associates, net of tax	(994)	(953)
Others	(72)	-
Operating profit before change in operating assets and liabilities	9,480	8,695
Change in operating assets and liabilities:		
Deposits of non-bank customers	26,052	13,703
Deposits and balances of banks	679	838
Derivative payables and other liabilities	3,482	(1,772)
Trading portfolio liabilities	87	(19)
Restricted balances with central banks	(354)	(437)
Government securities and treasury bills	1,188	(5,952)
Fair value through profit or loss securities	(3,195)	(2,419)
Placements with and loans to banks	(4,246)	(7,808)
Loans to customers	(22,330)	(1,892)
Derivative receivables and other assets	(3,969)	3,285
Net change in other assets and liabilities for life insurance funds	(1,321)	4,317
Cash provided by operating activities	5,553	10,539
Income tax paid ⁽¹⁾	(1,589)	(1,412)
Net cash provided by operating activities	3,964	9,127
Cash flows from investing activities		
Net cash outflow from acquisition of subsidiary	(31)	-
Dividends from associates	158	132
Purchases of debt and equity securities	(34,021)	(24,241)
Purchases of investment securities for life insurance funds	(45,566)	(46,610)
Purchases of property and equipment	(614)	(537)
Proceeds from disposal of debt and equity securities	30,750	18,037
Proceeds from disposal of interests in associate	#	1
Proceeds from disposal of investment securities for life insurance funds	44,948	42,675
Proceeds from disposal of property and equipment	44	89
Net cash used in investing activities	(4,332)	(10,454)
Cash flows from financing activities		
Changes in non-controlling interests	(643)	(44)
Buy-back of shares for holding as treasury shares	(194)	(205)
Dividends and distributions paid	(3,987)	(3,733)
Net issue of other debt issued (Note 21.6)	4,557	4,752
Net proceeds from perpetual capital securities issued	450	550
Repayments of lease liabilities	(78)	(77)
Proceeds from subordinated debt issued (Note 21.6)	1,165	-
Redemption of subordinated debt issued (Note 21.6)	(1,352)	-
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	152	112
Redemption of perpetual capital securities issued	-	(1,000)
Net cash provided by financing activities	70	355
Net change in cash and cash equivalents	(298)	(972)
Net currency translation adjustments	257	(142)
Cash and cash equivalents at 1 January	28,870	29,984
Cash and cash equivalents at 31 December (Note 23)	28,829	28,870

(1) In 2024, the Group paid income tax of \$1,589 million (2023: \$1,412 million), of which \$786 million (2023: \$634 million) was paid in Singapore and \$803 million (2023: \$778 million) in other jurisdictions.

(2) # represents amounts less than \$0.5 million.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

These notes form an integral part of the financial statements.

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 25 February 2025.

1. General

Oversea-Chinese Banking Corporation Limited (the Bank) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Bank's registered office is 63 Chulia Street, #10-00 OCBC Centre East, Singapore 049514.

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as the Group) and the Group's interests in associates. The Group is principally engaged in the business of banking, life insurance, general insurance, asset management, investment holding, futures and stockbroking.

2. Material Accounting Policy Information

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) as required by the Singapore Companies Act 1967 (the Act).

The financial statements are presented in Singapore Dollar, rounded to the nearest million unless otherwise stated. # represents amounts less than \$0.5 million. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement or complexity, are disclosed in Note 2.21.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2024:

SFRS(I)	Title
SFRS(I) 1-1 (Amendments)	<i>Classification of Liabilities as Current or Non-current</i>
SFRS(I) 16 (Amendments)	<i>Lease Liability in a Sale and Leaseback</i>
Various	<i>Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants</i>
SFRS(I) 1-7 (Amendments), SFRS(I) 7 (Amendments)	<i>Supplier Finance Arrangements</i>

The initial application of the above standards (including their consequential amendments) and interpretations did not have any material impact on the Group's financial statements.

2.2 Basis of Consolidation

2.2.1 Subsidiaries

Subsidiaries are entities over which the Group controls when it 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 consolidated from the date when control is transferred to the Group and cease to be consolidated on the date when that control ceases. The Group reassesses whether it controls an investee if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect its returns.

In preparing the consolidated financial statements, intra-group transactions and balances, together with unrealised income and expenses arising from the intra-group transactions among group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies within the Group.

Non-controlling interests (NCI) represent the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Bank, and are presented separately from equity attributable to equity holders of the Bank. For NCI that arise through minority unit holders' interest in the insurance subsidiaries of Great Eastern Holdings Limited (GEH) consolidated investment funds, they are recognised as a liability. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash. Changes in these liabilities are recognised in the income statement as expenses.

2. Material Accounting Policy Information (continued)

2.2 Basis of Consolidation (continued)

2.2.1 Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations. 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 acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any NCI at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets at the acquisition date.

The excess of the fair value of the sum of consideration transferred, the recognised amount of any NCI in the acquiree and the acquisition-date fair values of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill at the date of acquisition. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition has occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are reclassified. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity and any gain/loss arising is recognised directly in equity.

2.2.2 Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

For the purpose of disclosure, the Group is considered to be the sponsor of a structured entity if it has a key role in establishing the structured entity or its name appears in the overall structure of the structured entity.

2.2.3 Associates and Joint Ventures

Associates are entities over which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Joint ventures are arrangements to undertake economic activities in which the Group has joint control and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for in the Bank's financial statements at cost and in the Group's consolidated financial statements using the equity method of accounting (equity accounting). If the investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group may elect to measure that investment at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*. The Group will make this election separately for each associate, at initial recognition of the associate.

Under equity accounting, the investment is initially recognised at cost, and the carrying amount is adjusted for post-acquisition changes of the Group's share of the net assets of the entity until the date the significant influence or joint control ceases. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, where applicable. When the Group's share of losses equals or exceeds its interests in the associates and joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entities.

In applying equity accounting, unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates and joint ventures to ensure consistency of accounting policies with those of the Group.

The results of associates and joint ventures are taken from audited financial statements or unaudited management accounts of the entities concerned, made up to dates of not more than three months prior to the reporting date of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.2 Basis of Consolidation (continued)

2.2.3 Associates and Joint Ventures (continued)

The investment in an associate or joint venture is derecognised when the Group ceases to have significant influence or joint control, respectively, over the investee. Amounts previously recognised in other comprehensive income (OCI) in respect of the investee are transferred to the income statement. Any retained interest in the entity is re-measured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control ceases, and its corresponding fair value, is recognised in the income statement.

2.2.4 Investments in Subsidiaries, Associates and Joint Ventures by the Bank

These investments are stated in the Bank's balance sheet at cost less any impairment in value after the date of acquisition.

2.3 Currency Translation

2.3.1 Foreign Currency Transactions

Transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rates prevailing on the transaction dates. Monetary items denominated in foreign currencies are translated to the respective entities' functional currencies at the exchange rates prevailing at the reporting date. Exchange differences arising on settlement and translation of such items are recognised in the income statement.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate on the date the fair value is determined. Exchange differences on non-monetary items such as equity investments classified as fair value through other comprehensive income (FVOCI) financial assets are recognised in OCI and presented in the fair value reserve within equity.

2.3.2 Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on the acquisition of a foreign operation, are translated to Singapore Dollar at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollar at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions.

Differences arising from the translation of a foreign operation are recognised in OCI and presented in the currency translation reserve within equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is included in the income statement on disposal of the operation.

2.4 Cash And Cash Equivalents

In the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, money market placements, reverse repo and other balances with central banks which are generally short-term financial instruments or repayable on demand.

2.5 Financial Instruments

2.5.1 Recognition

The Group initially recognises derivative financial instruments (forwards, futures, swaps and options) on the trade date. It initially recognises non-derivative financial instruments (loans and advances, deposits and debts issued, and regular way purchases and sales of financial assets) on the settlement date. Regular-way purchases and sales are those settled within the time period established by regulation or market convention.

2.5.2 De-recognition

Financial assets are de-recognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. Financial liabilities are de-recognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

2.5.3 Modifications

The original terms of a financial instrument may be renegotiated or otherwise modified, resulting in changes to its contractual cash flows. Where the extent of changes as a result of the modification or renegotiation is substantial, the existing financial instrument is derecognised and a new instrument (with new terms including a new effective interest rate) recognised. In all other cases, the modified contractual cash flows of the existing instrument are discounted at the original effective interest rate to arrive at a new carrying amount and the resulting modification gain or loss is recognised in the income statement.

Interest Rate Benchmark Reform (IBOR Reform)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of IBOR reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by IBOR reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

2. Material Accounting Policy Information (continued)

2.5 Financial Instruments (continued)

2.5.3 Modifications (continued)

Interest Rate Benchmark Reform (IBOR Reform) (continued)

If there are changes to the terms of a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform and then applies the accounting policy for modifications set out above to account for the additional changes.

2.5.4 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

2.5.5 Sale and Repurchase Agreements (Including Securities Lending and Borrowing)

Repurchase agreements (repos) are regarded as collateralised borrowing. The securities sold under repos are treated as pledged assets and remain as assets on the balance sheets. The amount borrowed is recorded as a liability. Reverse repos are treated as collateralised lending and the amount of securities purchased is included in placements with central banks, loans to banks and non-bank customers. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively using the effective interest method.

Securities lending and borrowing transactions are generally secured, with collateral taking the form of securities or cash. The transfer of securities to or from counterparties is not reflected on the balance sheet. Cash collateral paid or received is recorded as an asset or a liability respectively.

2.6 Non-Derivative Financial Assets

Classification and Measurement of Financial Assets

A non-derivative financial asset is initially recognised at fair value and is subsequently measured either at amortised cost using the effective interest method, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not subsequently measured at fair value through profit or loss.

(a) Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because

this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy of how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and whose performance is evaluated or managed on a fair value basis are measured at FVTPL because they are neither within the business model to hold the assets to collect contractual cash flows, nor within the business model to hold the assets both to collect contractual cash flows and to sell.

(b) Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2.6.1 Debt Instruments Measured at Amortised Cost

A debt financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold the asset until maturity to collect contractual cash flows; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.6 Non-Derivative Financial Assets (continued)

Classification and Measurement of Financial Assets (continued)

(b) Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest (continued)

2.6.1 Debt Instruments Measured at Amortised Cost (continued)

Debt instruments classified as amortised cost are subject to impairment assessment using the expected credit loss model in accordance with SFRS(I) 9. Interest earned whilst holding the financial assets is included in interest income.

2.6.2 Debt Instruments Measured at FVOCI

A debt financial instrument is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt instruments classified as FVOCI are subject to impairment assessment using the expected credit loss model in accordance with SFRS(I) 9. Interest earned while holding the financial assets is included in interest income.

At the reporting date, the Group recognises unrealised fair value gains and losses on revaluing these assets in OCI and presents the cumulative gains and losses in fair value reserve within equity, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. At maturity or upon disposal, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserve to the income statement.

2.6.3 Debt Instruments Measured at FVTPL

Debt instruments that do not meet the requirements to be measured at amortised cost or at FVOCI are measured at FVTPL. At the reporting date, the Group recognises realised and unrealised gains and losses as trading income in the income statement. Interest earned while holding the assets is included in interest income.

2.6.4 Designation at FVTPL

On initial recognition, the Group may irrevocably designate a financial asset at FVTPL notwithstanding that it would otherwise meet the requirements to be measured at amortised cost or at FVOCI, if doing so, it eliminates or significantly reduces an accounting mismatch that would otherwise arise. Upon designation, financial assets are

measured at fair value on each reporting date until maturity or derecognition. Realised and unrealised fair value changes are recognised in the income statement.

2.6.5 Equity Instruments

Equity instruments held for trading are classified as FVTPL. An equity investment that is not held for trading is classified as FVTPL unless it is classified as FVOCI based on an irrevocable election on initial recognition.

At the reporting date, realised and unrealised fair value gains or losses on revaluing the equity instruments classified as FVTPL are recognised in the income statement. Realised and unrealised fair value gains or losses on revaluing the equity instruments classified as FVOCI are recognised in OCI and are never reclassified to the income statement.

Dividend earned while holding the equity instruments classified as FVTPL is recognised in the income statement and presented under net trading income. Dividend from equity instruments classified as FVOCI is recognised in the income statement and presented under other income unless the dividend clearly represents a recovery of part of the cost of the investment.

2.6.6 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period when the Group changes its business model for managing its financial assets.

2.7 Derivative Financial Instruments

All derivative financial instruments are recognised initially and subsequently measured at fair value on the balance sheet as an asset or liability depending on whether it is a receivable or a payable, respectively. The resulting gain or loss is recognised immediately in the income statement unless it qualifies for recognition in other comprehensive income under cash flow or net investment hedge accounting.

Fair values reflect the exit price of the instrument and include adjustments to take into account the credit risk of the Group and the counterparty where appropriate. An embedded derivative is not separated from the host contract that is a financial asset. However, it is separated from the host contract that is a financial liability or a non-financial and treated as a stand-alone financial derivative if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

The Group enters into hedging derivative transactions to manage exposures to interest rate, foreign currency and credit risks arising from its core banking activities of lending and accepting deposits. The Group applies fair value, cash flow or net investment hedge accounting when the transactions meet the specified criteria for hedge accounting.

2. Material Accounting Policy Information (continued)

2.7 Derivative Financial Instruments (continued)

Before applying any hedge accounting, the Group determines whether an economic relationship exists between the hedged item and the hedging instrument by considering qualitative characteristics or quantitative analysis of these items. In its qualitative assessment, the Group considers whether the critical terms of its hedged item and the hedging instrument are closely aligned and evaluates whether the fair values of the hedged item and the hedging instrument respond in an offsetting manner to similar risks. Where economic hedge relationships meet the hedge accounting criteria, the Group establishes its hedge ratio by aligning the principal amount of the hedging instrument to the extent of its hedged item.

In a fair value hedging relationship, the Group mainly uses interest rate swaps, interest rate futures and cross currency swaps to hedge its exposure to changes in the fair value of fixed rate instruments and its foreign currency risk exposure. For qualifying fair value hedges, changes in the fair values of the derivative and of the hedged item relating to the hedged risk are recognised in the income statement. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying amount of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability.

In a cash flow hedging relationship, the Group mainly uses cross currency swaps and interest rate swaps to hedge the variability in the cash flows of variable rate asset or liability resulting from changes in interest rates, either in a one to one hedging relationship or on a portfolio basis. For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is recognised in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the cash flow hedge reserve remain in equity until the hedged cash flows is recognised in the income statement. When the hedged cash flows are no longer expected to occur, the cumulative gain or loss in the hedge reserve is immediately transferred to the income statement.

“Hedge ineffectiveness” represents the amount by which the changes in the fair value of the hedging instrument differ from changes in the fair value of a benchmark hedging instrument that is a perfect match. The amount of hedge ineffectiveness is recognised immediately in the income statement. The sources of ineffectiveness for both fair value hedges and cash flow hedges include imperfect economic relationship or mis-matching of key terms between the hedging instrument and the hedged item as well as the effect of credit risk existing in the hedging instrument.

The Bank’s functional currency is the Singapore Dollar. The hedged risk in the Group’s net investment hedges is the foreign currency exposure that arises from a net investment in subsidiaries and foreign operations that have a different functional currency. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Bank’s functional currency. The Group uses a mixture of derivative financial instruments and liabilities to manage its foreign currency exposure in its net investment hedges. For hedges of net investments in foreign operations which are accounted for in a similar way as cash flow hedges, the gain or loss relating to the effective portion of the hedging instrument is recognised in equity and that relating to the ineffective portion is recognised in the income statement immediately. Gains and losses accumulated in equity are transferred to income statement on disposal of the foreign operations. The main source of ineffectiveness for the Group’s net investment hedge is the use of a hedging instrument denominated in a proxy currency that is not perfectly correlated to the actual currency to which the Group is exposed.

Specific Policies for Hedges Affected by IBOR Reform (As Defined in Note 2.5.3)

For the purpose of evaluating whether there is an economic relationship between the hedged item and the hedging instrument, the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform. The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged;
- updating the description of the hedging instrument; or
- updating the description of how the entity will assess hedge effectiveness.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.7 Derivative Financial Instruments (continued)

Specific Policies for Hedges Affected by IBOR Reform

(As Defined in Note 2.5.3) (continued)

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

2.8 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment includes the purchase price and costs 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.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the income statement during the financial year in which the expenditure is incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each reporting date, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	– 5 to 10 years
Office equipment	– 5 to 10 years
Computers	– 3 to 10 years
Renovation	– 8 years or remaining lease term, whichever is shorter
Motor vehicles	– 5 years

Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

2.9 Investment Property

Investment property is property held either for rental income or for capital appreciation or for both. Investment properties, other than those held under the Group's life insurance funds, are stated at cost less accumulated depreciation and impairment losses. Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

Investment property held under the Group's life insurance funds is stated at fair value at the reporting date and collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life insurance business. The fair value of the investment property is determined based on objective valuations undertaken by independent valuers at the reporting date. Changes in the carrying amount resulting from revaluation are recognised in the consolidated income statement.

2.10 Goodwill and Other Intangible Assets

2.10.1 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest over the fair value of the identifiable net assets acquired.

Goodwill is stated at cost less impairment loss. Impairment test is carried out annually, or when there is indication that the goodwill may be impaired.

Gains or losses on disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

2.10.2 Intangible Assets

Intangible assets other than goodwill are separately identifiable intangible items arising from acquisitions and are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised over their estimated useful lives. The estimated useful lives range from 6 to 20 years. The useful life of an intangible asset is reviewed at least at each financial year end.

2. Material Accounting Policy Information (continued)

2.11 Impairment of Assets

(I) Financial Assets

Impairment allowances for financial assets are assessed using a forward-looking expected credit loss (ECL) model in accordance with the requirements of SFRS(I) 9.

2.11.1 Scope

Under SFRS(I) 9, the ECL model is applied to debt financial assets measured at amortised cost or FVOCI and off-balance sheet loan commitments and financial guarantees.

2.11.2 Expected Credit Loss Impairment Model

Under SFRS(I) 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 – On initial recognition and at a subsequent reporting date, where there is no significant increase in a financial asset or off-balance sheet exposure's credit risk since initial recognition, the expected credit loss will be that resulting from default events that are possible over the next 12 months, estimated on a portfolio basis.
- Stage 2 – Where there is a significant increase in credit risk since initial recognition, the expected credit loss will be that resulting from default events that are possible over the expected life of the asset, estimated on a portfolio basis.
- Stage 3 – When a financial asset exhibits objective evidence of impairment and is considered to be credit-impaired, the credit loss allowance will be the full lifetime expected credit loss, estimated on a case-by-case basis.

2.11.3 Measurement

ECLs are a probability-weighted estimate of credit losses. They are measured based on the present value of the cash shortfalls as elaborated below:

- (a) Financial assets that are not credit-impaired (Stage 1 and Stage 2) at the reporting date: The contractual cash flows due to the Group less the cash flows that the Group expects to receive;
- (b) Financial assets that are credit-impaired (Stage 3) at the reporting date: The gross carrying amount less the cash flows that the Group expects to receive;
- (c) Undrawn loan commitments: The contractual cash flows due to the Group if the commitment is drawn down less the cash flows that the Group expects to receive; and
- (d) Financial guarantee contracts: The expected cash outflows under the guarantee less the cash flows that the Group expects to recover.

The key inputs used in the measurement of ECL are:

- Probability of default (PD) – This is an estimate (as a percentage) of the likelihood of default over 12 months or the exposure's expected life time.
- Loss given default (LGD) – This is an estimate (as a percentage) of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.
- Exposure at default (EAD) – This is an estimate (as an amount) of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities.

For Stage 1 exposures, ECL is calculated by multiplying the 12-month PD by LGD and EAD. For Stage 2 and Stage 3 exposures, ECL is calculated by multiplying lifetime PD by LGD and EAD.

Loans to customers that are collectively assessed are grouped on the basis of shared credit risk characteristics such as loan type, industry, geographical location of the borrower, collateral type and other relevant factors.

All key inputs (PD, LGD and EAD) used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on four macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

The four macroeconomic scenarios represent a most likely "Base" outcome and three other less likely scenarios, comprising of one "Upside" and two "Downside" scenarios. These scenarios are probability-weighted and underlying key macroeconomic assumptions are based on independent external and in-house views. The assumptions are subject to regular management reviews to reflect current economic situations.

Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables used in the models for the lifetime period, reverting to long-run averages generally after 3 to 5 year periods. Depending on their usage in the models, macroeconomic variables are projected at a country or more granular level which differ by portfolio. The primary macroeconomic variables adopted are Gross Domestic Product, Unemployment rate, Property Price Index and Interest rate.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.11 Impairment of Assets (continued)

(I) Financial Assets (continued)

2.11.3 Measurement (continued)

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout Group's expected credit loss calculations.

The Group considers a financial asset to be in default by assessing both quantitative and qualitative criteria such as days past due and the terms of financial covenants. A default occurs when the borrower or bond issuer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or when the financial asset is more than 90 days past due.

A financial asset is considered to be no longer in default when there is an established trend of credit improvement, supported by an assessment of the borrower's repayment capability, cash flows and financial position.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Financial assets are written off against their related impairment allowances when all feasible recovery actions have been exhausted or when the recovery prospects are considered remote.

2.11.4 Movement Between Stages

Movements between Stage 1 and Stage 2 are based on whether a financial asset or exposure's credit risk as at the reporting date has increased significantly since its initial recognition.

The Group considers both qualitative and quantitative parameters in the assessment of whether there is a significant increase in credit risk since initial recognition. These include the following:

- (a) The Group has established thresholds for significant increases in credit risk based on both a relative and absolute change in lifetime PD relative to initial recognition.
- (b) The Group conducts qualitative assessment to ascertain if there has been significant increase in credit risk.
- (c) The Group uses days past due as a further indication of significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of whether a financial asset is credit-impaired under SFRS(I) 9 will be based on objective evidence of impairment.

The assessments for a significant increase in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has moved to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1. A modification of the terms of a financial asset that does not result in derecognition will result in the financial asset being transferred out of Stage 3 if the indicators of it being identified as credit-impaired is no longer met and that the evidence for its transfer out of Stage 3 solely relates to events such as up-to-date and timely payment occurring in the subsequent periods.

If a modified financial asset results in derecognition, the new financial asset will be recognised under Stage 1, unless it is assessed to be credit-impaired at the time of the modification.

2.11.5 Regulatory Requirement

Under MAS 612, the Group is required to maintain a minimum regulatory loss allowance (MRLA) of 1% of the gross carrying amount of the specified credit exposures, net of collateral. Where the accounting loss allowance of selected non-credit-impaired exposures computed under SFRS(I) 9 is less than the MRLA, the Group must maintain the difference in a non-distributable regulatory loss allowance reserve (RLAR) account through the appropriation of revenue reserves. Where the aggregated accounting loss allowance and RLAR exceeds the MRLA, the Group may transfer the excess amount in the RLAR to revenue reserves.

(II) Other Assets

2.11.6 Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units (CGU) expected to benefit from synergies of the business combination. Goodwill is allocated to the Group's CGUs (Note 36) at a level at or below the business segments identified for business segment reporting (Note 37).

Impairment loss on goodwill cannot be reversed in subsequent periods.

2. Material Accounting Policy Information (continued)

2.11 Impairment of Assets (continued)

(II) Other Assets (continued)

2.11.7 Investments in Subsidiaries and Associates

Property, Plant and Equipment

Investment Property

Intangible Assets

Investments in subsidiaries and associates, property, plant and equipment, investment property and intangible assets, are reviewed for impairment on the reporting date or whenever there is any indication that the carrying amount of an asset may not be recoverable. If such an indication exists, the carrying amount of the asset is written down to its recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use).

The impairment loss is recognised in the income statement, and is reversed 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 an 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 amortisation or depreciation) if no impairment loss had been recognised for the asset in prior years.

2.12 Financial Liabilities

A non-derivative financial liability is initially recognised at fair value less transaction costs and is subsequently measured at amortised cost using the effective interest method except where it is designated as FVTPL.

For financial liabilities designated at fair value, gains and losses arising from changes in fair value are recognised in the net trading income line in the income statement except for changes in fair value attributable to the Group's own credit risk where it is presented directly within other comprehensive income. Amounts recorded in OCI related to this credit risk are not subject to recycling to the income statement, but are transferred to unappropriated profit when realised. Financial liabilities are held at fair value through profit or loss when:

- they are acquired or incurred for the purpose of selling or repurchasing in the near term;
- the fair value option designation eliminates or significantly reduces accounting mismatch that would otherwise arise; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

2.13 Insurance and Reinsurance Contracts

2.13.1 Definition and Classification

Contracts under which GEH Group accepts significant insurance risk are classified as insurance contracts.

Contracts held by GEH Group under which it transfers

significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose GEH Group to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by GEH Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by GEH Group, unless otherwise stated.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose GEH Group to financial risk are classified as investment contracts, and they follow financial instruments accounting under SFRS(I) 9. GEH Group does not have any contracts that fall under this category.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which GEH Group promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- GEH Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- GEH Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Direct participating contracts issued by GEH Group are contracts with direct participation features where GEH Group holds the pool of underlying assets and accounts for these group of contracts under the Variable Fee Approach (VFA). The VFA modifies the accounting model in SFRS(I) 17 to reflect that the consideration that GEH Group receives for the contracts is a variable fee.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the Premium Allocation Approach (PAA) model (see Note 2.13.7). The PAA is an optional simplified measurement model in SFRS(I) 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. This approach is used for insurance contracts which have a coverage period of one year or less, or where the PAA provides a measurement that is not materially different from that under the General Measurement Model (GMM).

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.2 Separating Components from Insurance and Reinsurance Contracts

GEH Group assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another SFRS(I) rather than SFRS(I) 17 (distinct non-insurance components). After separating any distinct components, GEH Group applies SFRS(I) 17 to all remaining components of the (host) insurance contract. Currently, GEH Group's contracts do not include distinct components that require separation.

Some life contracts issued by GEH Group include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in SFRS(I) 17. SFRS(I) 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. The surrender options are considered non-distinct investment components as GEH Group is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

For premium refund or experience refund components which are not subject to any conditions in the contracts, these have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of the income statement.

2.13.3 Level of Aggregation

2.13.3.1 Insurance Contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into quarterly cohorts (by quarter of issuance) for life insurance or into annual cohorts (by year of issuance) for non-life insurance, into three groups based on the expected profitability of the contracts:

(i) contracts that are onerous at initial recognition;

- (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- (iii) remaining group of contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent remeasurement.

Level of aggregation is also affected by law or regulation which specifically constrains GEH Group's practical ability to set a different price or level of benefits for policyholders with different characteristics.

GEH Group broadly groups its insurance contracts by how the contracts are managed, product type, currency, measurement model and insurance risks. For life insurance contracts, sets of contracts usually correspond to pricing risk groups that GEH Group determines to have similar insurance risk and that are priced together by assessing the profitability of a best estimate pool of contracts on the same basis. GEH Group determines the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming more onerous at the level of these pricing groups, with no information available at a more granular level. This level of granularity determines sets of contracts.

For non-life insurance contracts, sets of contracts usually correspond to the risk class or product type.

Non-life insurance contracts are measured under the PAA model (Note 2.13.7). An assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, GEH Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at the product type level.

2.13.3.2 Reinsurance Contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, GEH Group aggregates reinsurance contracts into quarterly cohorts (by quarter of issuance) for life reinsurance treaties or into annual cohort (by year of issuance) for non-life reinsurance contracts into groups of:

- (i) contracts for which there is a net gain at initial recognition, if any;
- (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- (iii) remaining contracts in the portfolio, if any.

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.3 Level of Aggregation (continued)

2.13.3.2 Reinsurance Contracts (continued)

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

2.13.4 Recognition

A group of insurance contracts issued by GEH Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which GEH Group provides services in respect of any premiums within the contract boundary (Note 2.13.5);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

GEH Group recognises a group of reinsurance contracts held from the earliest of the following:

- the beginning of the coverage period of the group of reinsurance contracts held. However, GEH Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- the date GEH Group recognises an onerous group of underlying insurance contracts if GEH Group entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

2.13.5 Contract Boundary

GEH Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within an insurance contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which GEH Group can compel the

policyholder to pay the premiums, or in which GEH Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- GEH Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:
 - o GEH Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - o the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Fulfilment cash flows outside the insurance contract boundary are not recognised. Such amounts relate to future insurance contracts.

For life insurance contracts with renewal periods, GEH Group assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by GEH Group by considering all the risks covered for the policyholder by GEH Group, that GEH Group would consider when underwriting equivalent contracts on the renewal dates for the remaining service. Therefore, the cash flows related to renewals of insurance contracts will not be included in the contract boundary.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of GEH Group that exist during the reporting period in which GEH Group is compelled to pay amounts to the reinsurer or in which GEH Group has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

GEH Group reassesses contract boundary of each group at the end of each reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.6 Measurement

2.13.6.1 Measurement – Contracts Not Measured Under the PAA

On initial recognition, GEH Group measures a group of insurance contracts as the total of (a) the fulfilment cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the Contractual Service Margin (CSM) (Note 2.13.6.3). The fulfilment cash flows of a group of insurance contracts do not incorporate GEH Group's non-performance risk.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that GEH Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as GEH Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by GEH Group to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 2.21.3.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in the income statement immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section in Note 2.13.6.4 below).

2.13.6.2 Fulfilment Cash Flows (FCF)

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that GEH Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- a) are based on a probability-weighted mean of the full range of possible outcomes;

- b) are determined from the perspective of GEH Group, provided that the estimates are consistent with observable market prices for market variables; and
- c) reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to Note 2.21.3.

2.13.6.3 Contractual Service Margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that GEH Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- a) the initial recognition of the FCF;
- b) cash flows arising from the contracts in the group at that date;
- c) the derecognition of any insurance acquisition cash flows asset; and
- d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case GEH Group recognises the net cost immediately in the income statement. For reinsurance contracts held, the CSM represents a deferred gain or loss that GEH Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- a) the initial recognition of the FCF;
- b) cash flows arising from the contracts in the group at that date;
- c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
- d) any income recognised in the income statement when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.6 Measurement (continued)

2.13.6.4 Subsequent Measurement – Contracts Not Measured Under the PAA

Subsequently, the carrying amount of a group of insurance contracts at each reporting date is the sum of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

- The FCF of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in FCF are recognised as follows:

Changes relating to future service	Adjusted against CSM (or recognised in the insurance service result in the income statement if the group is onerous).
Changes relating to current or past services	Recognised in the insurance service result in the income statement.
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as insurance finance income or expenses in the income statement, except for certain portfolios measured using the GMM where the Other Comprehensive Income (OCI) option is applied.

- The CSM is adjusted subsequently only for changes in FCF that relate to future services and other specified amounts and is recognised in the income statement as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in the income statement because it relates to future services.

GEH Group reports its financial results on a quarterly basis. The GEH Group has elected to treat every quarter as a discrete interim reporting period, and estimates made by GEH Group in previous interim financial results are not changed when applying SFRS(I) 17 in subsequent interim periods or in the annual financial statements.

Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and GEH Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, GEH Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- expected incurred claims and other directly attributable expenses for the period;
- changes in the risk adjustment for non-financial risk for the risk expired; and
- finance income/(expenses) from insurance contracts issued.

The amounts of the loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

2.13.6.5 Reinsurance Contracts

GEH Group applies the same accounting policies to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC). The ARC comprises (a) the FCF that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

GEH Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.6 Measurement (continued)

2.13.6.5 Reinsurance Contracts (continued)

The risk adjustment for non-financial risk represents the amount of risk being transferred by GEH Group to the reinsurer.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case GEH Group recognises the net cost immediately in the income statement. For reinsurance contracts held, the CSM represents a deferred gain or loss that GEH Group recognises as a reinsurance income or expenses as it receives insurance contract services from the reinsurer in the future.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that GEH Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

2.13.6.6 Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. If insurance acquisition cash flows are directly attributable to a group of contracts, they are allocated to that group.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group; and to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

GEH Group assesses at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, and:

- a) recognises an impairment loss in the income statement so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- b) if the asset relates to future renewals, recognises an impairment loss in the income statement to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

GEH Group reverses any impairment losses in the income statement and increases the carrying amount of the asset to the extent that the impairment conditions no longer exist or have improved.

2.13.7 Measurement – Contracts Measured Under the PAA

For insurance contracts issued, on initial recognition, GEH Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The LRC is discounted to reflect the time value of money and the effect of financial risk.

GEH Group estimates the LIC as the fulfilment cash flows related to incurred claims. The FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of GEH Group, and include an explicit adjustment for non-financial risk (the risk adjustment). GEH Group adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of LIC, unless when they are expected to be paid within one year or less from the date of which the claims are incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, GEH Group recognises a loss in the income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF. A loss component is established by GEH Group for the LRC for such onerous group depicting the losses recognised.

For reinsurance contracts held, on initial recognition, GEH Group measures the remaining coverage at the amount of ceding premiums paid net of commission, plus broker fees paid to a party other than the reinsurer.

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.7 Measurement – Contracts Measured Under the PAA (continued)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC and the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the ARC and the AIC, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
- d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
- e) increased for net insurance finance expenses recognised during the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a) increased for ceding premiums, net of commission, paid in the period;
- b) increased for broker fees paid in the period;
- c) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
- d) increased for net reinsurance finance income recognised during the period.

2.13.8 Derecognition and Contract Modification

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by GEH Group as a result of an agreement with the counterparties or due to a change in regulations, GEH Group treats changes in cash flows caused by the modification as changes in estimates of the FCF,

unless the conditions for the derecognition of the original contract are met. GEH Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a) if the modified terms had been included at contract inception and GEH Group would have concluded that the modified contract:
 - i. is not within the scope of SFRS(I) 17;
 - ii. results in different separable components;
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts;
- b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of SFRS(I) 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility and component separation requirements (see Note 2.13.2) and contract aggregation requirements (see Note 2.13.3). When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, GEH Group:

- a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
- b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
 - i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
 - ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
 - iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium that GEH Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, GEH Group assumes such a hypothetical premium as actually received; and
- c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.8 Derecognition and Contract Modification (continued)

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to the income statement:

- a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

2.13.9 Insurance Service Result from Insurance Contracts Issued

Insurance Revenue

As GEH Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that GEH Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, the insurance revenue comprises the following items.

- Amounts relating to the changes in the LRC:
 - a) expected claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts allocated to the loss component;
 - repayments of investment components and policyholder rights to withdraw an amount;
 - amounts of transaction-based taxes collected in a fiduciary capacity;
 - insurance acquisition expenses; and
 - amounts related to the risk adjustment for non-financial risk (see (b));

- b) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income/ (expenses);
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;
 - c) amounts of the CSM recognised for the services provided in the period;
 - d) experience adjustments – arising from premiums received in the period other than those that relate to future service; and
 - e) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows in a systematic way on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, GEH Group recognises insurance revenue based on the passage of time over the coverage of a group of contracts.

Insurance Service Expenses

Insurance service expenses include the following:

- Incurred claims and benefits, excluding investment components reduced by loss components allocations;
- other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- Insurance acquisition cash flows amortisation;
- changes that relate to past service – changes in the FCF relating to the LIC;
- changes that relate to future service – changes in the FCF that results in onerous contract losses or reversals of those losses; and
- insurance acquisition cash flows assets impairment.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.9 Insurance Service Result from Insurance Contracts Issued (continued)

Insurance service expenses (continued)

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the income statement.

Net Income/(Expenses) from Reinsurance Contracts Held

GEH Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- a) reinsurance expenses;
- b) for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
- c) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- d) other incurred directly attributable expenses;
- e) changes that relate to past service – changes in the FCF relating to incurred claims recovery; and
- f) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
 - i. income on initial recognition of onerous underlying contracts;
 - ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
 - iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that GEH Group expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
 - amounts allocated to the loss-recovery component;
 - repayments of investment components; and
 - amounts related to the risk adjustment for non-financial risk (see (b));
- b) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income/(expenses) from reinsurance contracts held;
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss-recovery component;
- c) amounts of the CSM recognised for the services received in the period; and
- d) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, GEH Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Insurance Finance Income or Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a) interest accreted on the FCF and the CSM;
- b) the effect of changes in interest rates and other financial assumptions, and
- c) foreign exchange differences.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.9 Insurance Service Result from Insurance Contracts Issued (continued)

Insurance Finance Income or Expenses (continued)

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a) interest accreted on the FCF; and
- b) the effect of changes in interest rates and other financial assumptions.

GEH Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses for life insurance. For non-life insurance, the entire change in the risk adjustment for non-financial risk is included in insurance service result.

For life and non-life insurance contracts, GEH Group includes all insurance finance income or expenses for the period in the income statement, except for certain portfolios measured using the GMM where the OCI option is applied. This is expected to reduce accounting mismatches in profit or loss, considering that the supporting financial assets will be debt investments measured at fair value through other comprehensive income (FVOCI).

GEH Group systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to the income statement using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, GEH Group reclassifies the insurance finance income or expenses to the income statement as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

2.13.10 Assets and Liabilities of Life Insurance Funds

The assets and liabilities of the Group's life insurance business are held primarily for the beneficial interests of the life insurance policyholders. Therefore, they are presented separately in the balance sheet within the line items "Investment securities for life insurance funds", "Other assets for life insurance funds" and "Insurance contract liabilities and other liabilities for life insurance funds" respectively.

2.14 Share Capital and Dividend

Ordinary shares, non-cumulative non-convertible preference shares and perpetual capital securities are classified as equity on the balance sheet.

Incremental costs directly attributable to the issue of new capital securities are shown in equity as a deduction from the proceeds.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Treasury shares which are subsequently reissued, sold or cancelled, are recognised as changes in equity.

Interim dividends on ordinary shares and dividends on preference shares are recorded in the year in which they are declared payable by the Board of Directors. Final dividends are recorded in the year when the dividends are approved by shareholders at the annual general meeting.

2.15 Leases

2.15.1 As Lessee

At the inception of a contract, the Group assesses if the contract contains a lease. A contract 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. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-Use Assets

The Group recognises a right-of-use (ROU) asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the ROU assets.

These ROU assets are 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.

ROU assets are presented within the same balance sheet line item within which the corresponding underlying assets would be presented if they were owned.

2. Material Accounting Policy Information (continued)

2.15 Leases (continued)

2.15.1 As Lessee (continued)

Lease Liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability shall be remeasured when there is modification in the scope or the consideration of the lease that was not part of the original term.

Short-Term Leases and Low-Value Assets

The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value leases, except for sublease arrangements. Lease payments relating to these leases are recognised as an expense on a straight-line basis over the lease term.

2.15.2 As Lessor

Rental income on tenanted areas of the buildings owned by the Group is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.16 Recognition of Income and Expense

2.16.1 Interest Income and Expense

Interest income or expense is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

In calculating interest income, the effective interest rate is applied to the amortised cost of the financial asset. For this purpose, the amortised cost is the gross carrying amount less impairment allowance for a credit impaired asset and the gross carrying amount (before the portfolio allowance for expected credit losses) for a non-credit impaired asset. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

2.16.2 Fees and Commissions

The Group earns fees and commissions from a range of services rendered to its customers. Fees and commissions are recognised when the Group has satisfied its performance obligations in providing the services to the customer. Transaction based fees and commissions are generally recognised upon the completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised over the relevant period.

Expenses are offset against gross fees and commissions in the income statement only when they are directly related.

2.16.3 Dividends

Dividends from equity securities, subsidiaries and associates are recognised when the right to receive payment is established. Dividends received from equity securities at FVTPL and FVOCI are presented in net trading income and other income respectively.

2.16.4 Employee Benefits

The Group's compensation package for staff consists of base salaries, allowances, defined contribution plans such as the Central Provident Fund, defined benefit plans, commissions, cash bonuses, and share-based compensation plans. These are recognised in the income statement when incurred. Employee leave entitlements are estimated according to the terms of employment contract and accrued on the reporting date.

For defined benefit plans, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and past service costs. Remeasurements of defined benefit plans are recognised in OCI in the period in which they arise.

Share-based compensation plans include the Bank's Share Option Schemes, the Employee Share Purchase Plan (ESP Plan) and the Deferred Share Plan (DSP). Equity instruments granted are recognised as expense in the income statement based on the fair value of the equity instrument at the date of the grant. The expense is recognised over the vesting period of the grant, with corresponding entries to equity.

At each reporting date, the Group revises its estimates of the number of equity instruments expected to be vested, and the impact of the change to the original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The Group accrues for interest on the monthly contributions made by employees to the savings-based ESP Plan. For the DSP, a trust is set up to administer the shares. The DSP Trust is consolidated in the Group's financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.16 Recognition of Income and Expense (continued)

2.16.4 Employee Benefits (continued)

Proceeds received upon the exercise of options and acquisition rights, net of any directly attributable transaction costs, are credited to share capital.

2.17 Income Tax Expense

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax computation. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. The Group applies the SFRS(I) 1-12 exception to recognising and disclosing information about deferred tax assets and liabilities related to the "Base Erosion and Profit Shifting" Pillar Two income taxes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available for utilisation against the temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may

involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.18 Fiduciary Activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income from these assets do not belong to the Group, and are therefore excluded from these financial statements.

2.19 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2.20 Segment Reporting

The Group's business segments represent the key customer and product groups, as follows: Global Consumer/Private Banking, Global Wholesale Banking, Global Markets and Insurance. All operating segments' results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. In determining the segment results, balance sheet items are internally transfer priced and revenues and expenses are attributed to each segment based on internal management reporting policies. Transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

A geographical segment engages in providing products and services within a particular economic environment that is subject to different risks from those of other economic environments. Geographical segment information is prepared based on the country in which the transactions are booked and presented after elimination of intra-group transactions and balances.

2.21 Critical Accounting Estimates and Judgements

Certain estimates are made in the preparation of the financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities. A brief description of the Group's critical accounting estimates is set out below.

2. Material Accounting Policy Information (continued)

2.21 Critical Accounting Estimates and Judgements (continued)

2.21.1 Impairment of Financial Assets

In determining whether the credit risk of the Group's financial assets/exposures has increased significantly since initial recognition, the Group considers quantitative and qualitative information such as the Group's historical credit assessment experience and available forward-looking information. Expected credit losses (ECL) estimates are based on probability-weighted forward-looking economic scenarios. The parameters used in ECL measurement (probability of default, loss given default and exposure at default) incorporates forward-looking information. The determination of the forward-looking economic scenarios and incorporation of forward-looking information into ECL measurement requires management to exercise judgement based on its assessment of current macroeconomic conditions.

Allowances for Non-Credit-Impaired Loans to Customers

As of 31 December 2024, the forward-looking scenarios used in the ECL model have been updated from those as of 31 December 2023, which reflects the latest macroeconomic view. Additionally, post-model adjustments were made to address events that are not incorporated in the baseline ECL. These post-model adjustments were reviewed and approved in accordance with the Group's ECL framework, and were made to more accurately reflect the continued weakness of certain industries and segments.

Sensitivity of ECL

ECL is estimated to increase by \$2,173 million (2023: \$1,473 million) should all the exposures in Stage 1 (12-month ECL) move to Stage 2 (lifetime ECL).

The Group's allowances for financial assets are disclosed in Note 30.

Allowances for Credit-Impaired Loans to Customers

In respect of credit-impaired exposures, management judgement and estimation are applied in, amongst others, identifying impaired exposures, estimating the related recoverable cash flows and where applicable, determining collateral values and timing of realisation. Judgements and assumptions in respect of these matters have been updated to reflect the relevant information as of 31 December 2024.

The Group's allowances for credit-impaired loans to customers are disclosed in Note 28.

2.21.2 Fair Value Estimation

Fair value is derived from quoted market prices or valuation techniques which maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The fair values of financial instruments that are not traded in an active

market (for example, over-the-counter derivatives) are determined by using valuation techniques. Where unobservable data inputs have a significant impact on the value obtained from the valuation model, such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value. The difference between the transaction price and the model value, commonly referred to as "day one profit or loss" is not recognised immediately in the income statement. The choice of valuation technique and the use of model inputs requires significant judgement.

The timing of recognising the day one profit or loss is determined individually. It is amortised over the life of the transaction, released when the instrument's fair value can be determined using market observable inputs, or when the transaction is derecognised.

2.21.3 Insurance Business

GEH Group makes estimates, assumptions and judgements in its estimates of FCF, discount rates used, risk adjustments for non-financial risk, and CSM.

Discount Rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the observable market yields of government securities in the currency of the insurance contract liabilities.

GEH Group adopts a bottom-up approach in which discount rates are based on the relevant currency's risk-free yield curves and an adjustment for illiquidity premium.

a) For Singapore segment, for deriving risk-free yield curves and Ultimate Forward Rate (UFR), references are made in particular to the Monetary Authority of Singapore Risk Based Capital Framework (MAS RBC 2) which is also aligned with the approach taken by the International Associations of Insurance Supervisors (IAIS) on the design of the global insurance capital standards (ICS).

For the Malaysia segment, for deriving risk-free yield curves and UFR, references are made to the approach taken by the IAIS on the design of the global ICS, with rates for the first 15 years being referenced to the Bank Negara Malaysia Risk Based Capital Framework (BNM RBC).

b) For illiquidity premium, illiquidity buckets (illiquidity application ratio) are assigned using an objective scoring system that is based on illiquidity characteristics of products on each portfolio. Market observable illiquidity premium levels are derived every month-end based on a credit-risk adjusted market spread of reference assets for each currency.

The adjustment of illiquidity premium in (b) is added as a layer in addition to the risk-free yield curves in (a) based on the illiquidity application ratio of each portfolio.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2. Material Accounting Policy Information (continued)

2.21 Critical Accounting Estimates and Judgements (continued)

2.21.3 Insurance Business (continued)

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

Currency	2024				
	1 year	5 years	10 years	15 years	20 years
SGD	2.72% – 3.23%	2.75% – 3.19%	2.85% – 3.05%	2.89% – 3.43%	2.80% – 3.69%
USD	4.11% – 4.68%	4.34% – 4.98%	4.55% – 5.46%	4.78% – 5.74%	4.90% – 5.93%
MYR	3.28% – 3.50%	3.66% – 4.04%	3.85% – 4.19%	4.03% – 4.76%	4.15% – 5.07%

Currency	2023				
	1 year	5 years	10 years	15 years	20 years
SGD	3.55% – 4.44%	2.63% – 3.80%	2.67% – 3.45%	2.73% – 3.57%	2.71% – 3.60%
USD	4.70% – 5.25%	3.79% – 4.58%	3.84% – 4.97%	4.10% – 5.22%	4.22% – 5.30%
MYR	3.30% – 3.61%	3.65% – 4.08%	3.74% – 4.05%	4.05% – 4.80%	4.22% – 4.97%

Risk Adjustment for Non-Financial Risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects GEH Group's degree of risk aversion. GEH Group estimates an adjustment for non-financial risk separately from all other estimates. GEH Group does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The confidence level technique is used to derive the overall risk adjustment for non-financial risk. The risk adjustment is the excess of the value at risk at the target confidence level over the expected present value of the future cash flows. The target confidence level is at 85th percentile.

Estimates of Future Cash Flows

In estimating future cash flows, GEH Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience updated to reflect current expectations of future events.

The estimates of future cash flows will reflect GEH Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, GEH Group takes into account current expectations of future events that might affect cash flows. Cash flows within a contract boundary are those that relate directly to the fulfilment of the contract, including those for which GEH Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

GEH Group derives the mortality and morbidity assumptions from its own historical experience where credible. Reference to industry tables, reinsurance rates, or pricing basis is made where historical experience is not credible. Mortality and morbidity rates are generally differentiated between policyholder groups, based on gender and smoker status.

2. Material Accounting Policy Information (continued)

2.21 Critical Accounting Estimates and Judgements (continued)

2.21.3 Insurance Business (continued)

Lapses and surrender are derived based on GEH Group's own historical experience where credible. Where historical experience is not credible or not available, experience for similar product type is used as reference to derive the assumptions. Lapse and surrender assumptions generally vary by product type as well as policy years.

Coverage Units

In the determination of the coverage units (measured in dollar amounts), the type of service is identified based on the terms and features of the insurance contracts. Management judgement is then applied in determining the appropriate coverage unit against the type of service identified.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, determined by considering the quantity of the benefits provided by each contract in the group and its expected coverage duration. The coverage units are assessed at each reporting period-end prospectively by considering:

- a) the quantity of benefits provided by contracts in the group;
- b) the expected coverage period of contracts in the group; and
- c) the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

GEH Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for quantifying benefits with respect to insurance coverage.

2.21.4 Impairment of Goodwill and Other Intangible Assets

The Group performs an annual review of the carrying amount of its goodwill and other intangible assets, against the recoverable amounts of the CGU to which the goodwill and other intangible assets have been allocated. Recoverable amounts of banking CGUs are determined based on the present value of estimated future cash flows expected to arise from the respective CGUs' continuing operations. The recoverable amount of insurance CGU is determined using the appraisal value method. Management exercises its judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amounts of the CGUs.

In light of current macroeconomic conditions, management reassessed the assumptions applied in estimating the future cash flows, including growth rates and discount rates used in computing the recoverable amount, and determined that no impairment should be recognised during the year.

2.21.5 Income Taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses in estimating the income tax liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the period in which the determination is made.

2.22 Comparative Figures

Certain comparative figures have been reclassified to be consistent with the presentation for 2024.

Notes to the Financial Statements

For the financial year ended 31 December 2024

3. Net Interest Income

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Interest income				
Loans to customers	15,628	15,006	11,183	10,522
Placements with and loans to banks	3,552	3,296	3,472	3,060
Other interest-earning assets	3,264	2,565	1,877	1,572
	22,444	20,867	16,532	15,154
Interest expense				
Deposits of non-bank customers	(10,552)	(9,798)	(6,729)	(6,498)
Deposits and balances of banks	(518)	(470)	(2,104)	(1,709)
Other borrowings	(1,619)	(954)	(1,569)	(923)
	(12,689)	(11,222)	(10,402)	(9,130)
Analysed by classification of financial instruments				
Income – Assets at amortised cost	18,959	17,842	14,458	13,263
Income – Assets at FVOCI	2,909	2,619	1,620	1,570
Income – Assets mandatorily measured at FVTPL	576	406	454	321
Expense – Liabilities not at FVTPL	(12,575)	(11,128)	(10,290)	(9,037)
Expense – Liabilities mandatorily measured at FVTPL	(114)	(94)	(112)	(93)
Net interest income	9,755	9,645	6,130	6,024

Included in interest income were interest of \$25 million (2023: \$31 million) and \$10 million (2023: \$16 million) on impaired assets for the Group and Bank respectively.

The Group's and Bank's interest expenses on lease liabilities were not significant for the financial years ended 31 December 2024 and 31 December 2023.

4. Insurance Service Result and Net Investment and Finance Income/(Expenses) From Life Insurance

Insurance Service Result from Life Insurance

	GROUP	
	2024 \$ million	2023 \$ million
Insurance revenue from life insurance		
Expected incurred claims and other insurance service expenses	4,202	4,062
Change in the risk adjustment for non-financial risk for the risk expired	522	426
CSM recognised in the income statement for the services provided	728	773
Insurance acquisition cash flows recovery	535	456
Insurance revenue from contracts not measured under the PAA	5,987	5,717
Insurance revenue from contracts measured under the PAA	193	–
Total insurance revenue	6,180	5,717
Insurance service expenses	(5,701)	(4,758)
Net income/(expenses) from reinsurance contracts held	113	(532)
Insurance service result from life insurance	592	427

4. Insurance Service Result and Net Investment and Finance Income/(Expenses) From Life Insurance (continued)

Net Investment and Finance Income/(Expense) from Life Insurance

	GROUP	
	2024 \$ million	2023 \$ million
Investment income/(loss)		
Interest income	2,232	2,237
Other investment income	3,889	3,366
Decrease/(increase) in provision for impairment of financial assets	3	(13)
Amounts recognised at OCI	76	402
Total investment income	6,200	5,992
Finance (expenses)/income from insurance contracts issued		
Changes in value of underlying assets of contracts with direct participating features	(4,828)	(4,492)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(61)	210
Interest accreted	(690)	(672)
Effect of changes in interest rates and other financial assumptions	(256)	(281)
(Losses)/gains on currency exchange differences	(67)	68
Others	(8)	(12)
Total finance expenses from insurance contracts issued	(5,910)	(5,179)
Represented by:		
Amounts recognised in the income statement	(5,825)	(5,244)
Amounts recognised in OCI	(85)	65
	(5,910)	(5,179)
Finance income/(expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	15	8
Effect of changes in interest rates and other financial assumptions	(1)	(21)
Changes in non-performance risk of reinsurer	(4)	–
Gains/(losses) on currency exchange differences	4	(1)
Total finance income/(expenses) from reinsurance contracts held	14	(14)
Represented by:		
Amounts recognised in the income statement	14	5
Amounts recognised in OCI	–	(19)
	14	(14)

Notes to the Financial Statements

For the financial year ended 31 December 2024

5. Fees and Commissions (Net)

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Gross fee and commission income				
Brokerage	87	75	2	2
Credit card	404	369	334	321
Fund management	108	107	2	–
Guarantees	12	14	3	4
Investment banking	109	90	91	73
Loan-related	213	207	160	146
Service charges	124	128	78	84
Trade-related and remittances	271	275	185	194
Wealth management ⁽¹⁾	1,079	896	344	288
Others	26	26	5	5
	2,433	2,187	1,204	1,117
Fee and commission expense	(463)	(383)	(261)	(236)
Fees and commissions (net)	1,970	1,804	943	881

⁽¹⁾ Includes trust and custodian fees.

6. Dividends from Subsidiaries and Associates

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Subsidiaries	–	–	1,518	1,372
Associates	–	–	150	127
	–	–	1,668	1,499

7. Net Trading Income

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Foreign exchange ⁽¹⁾	547	611	117	207
Hedging activities ⁽²⁾				
Hedging instruments	179	133	178	169
Hedged items	(185)	(125)	(182)	(166)
Net (gain)/loss from fair value hedge ineffectiveness	(6)	8	(4)	3
Net gain/(loss) from interest rate and other derivative financial instruments ⁽³⁾	804	52	640	(41)
Net gain/(loss) from non-derivative financial instruments ⁽⁴⁾⁽⁵⁾	190	338	(16)	251
Others	2	(5)	2	(5)
	1,537	1,004	739	415

⁽¹⁾ "Foreign exchange" include gains and losses from spot and forward contracts and translation of foreign currency denominated assets and liabilities.

⁽²⁾ "Hedging activities" arise from the use of derivatives to hedge exposures to interest rate and foreign exchange risks, which are inherent in the underlying "Hedged items".

⁽³⁾ "Interest rate and other derivatives" include gains and losses from interest rate derivative instruments, equity options and other derivative instruments.

⁽⁴⁾ "Non-derivative financial instruments" include trading gains and losses from fair value financial instruments which are either designated at initial recognition or mandatorily measured at FVTPL.

⁽⁵⁾ Includes dividend income of \$75 million and \$61 million for the Group and Bank (2023: \$98 million and \$84 million) respectively.

8. Other Income

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Disposal of investment securities	24	47	14	45
Disposal of property, plant and equipment	36	71	967	19
Rental and property-related income	91	87	68	67
Dividends from FVOCI securities	35	30	#	1
Others	108	11	122	87
	294	246	1,171	219

Notes to the Financial Statements

For the financial year ended 31 December 2024

9. Staff Costs and Other Operating Expenses

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
9.1 Staff costs				
Salaries and other costs	3,487	3,172	1,302	1,094
Share-based expenses	61	60	26	21
Contribution to defined contribution plans	273	254	104	92
	3,821	3,486	1,432	1,207
Directors' emoluments:				
Remuneration of Bank's directors	11	9	11	9
Fees of Bank's directors ⁽¹⁾	5	6	5	5
	16	15	16	14
Total staff costs	3,837	3,501	1,448	1,221
9.2 Other operating expenses				
Property and equipment: ⁽²⁾				
Depreciation	456	440	231	227
Maintenance and rental ⁽³⁾	201	162	124	101
Others	405	364	284	219
	1,062	966	639	547
Auditors' remuneration:				
Payable to auditor of the Bank	9	10	3	3
Payable to associated firms of auditor of the Bank	7	7	1	1
Payable to other auditors	#	#	#	#
	16	17	4	4
Other fees:				
Payable to auditor of the Bank ⁽⁴⁾	2	2	1	1
Payable to associated firms of auditor of the Bank	1	1	#	1
	3	3	1	2
Hub processing charges	–	–	444	416
Others ⁽⁵⁾	824	736	444	449
	824	736	888	865
Total other operating expenses	1,905	1,722	1,532	1,418
9.3 Staff costs and other operating expenses	5,742	5,223	2,980	2,639

(1) Includes remuneration shares amounting to \$1 million (2023: \$1 million) issued to directors.

(2) Direct operating expenses on investment property that generated rental income for the Group and the Bank amounted to \$21 million and \$6 million (2023: \$17 million and \$5 million) respectively. Direct operating expenses on investment property that did not generate rental income for the Group and the Bank amounted to \$1 million and \$# million (2023: \$2 million and \$# million) respectively.

(3) Includes expenses relating to short-term leases of \$16 million and \$5 million for the Group and the Bank (2023: \$12 million and \$4 million) respectively, and low-value assets of \$5 million and \$# million (2023: \$4 million and \$1 million) for the Group and the Bank respectively.

(4) Other fees payable to auditor of the Bank relate mainly to engagements in connection with the Bank's note issuances, taxation compliance and advisory services, miscellaneous attestations and audit certifications.

(5) Included in other expenses were printing, stationery, communication, advertisement and promotion expenses and legal and professional fees.

10. Allowances for Loans and Other Assets

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Allowances/(write-back):				
Impaired loans (Note 28)	403	269	133	182
Impaired other assets	123	64	3	13
Non-impaired loans	158	394	49	276
Non-impaired other assets	6	6	6	5
Allowances for loans and other assets	690	733	191	476

11. Income Tax Expense

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Current tax expense	1,178	1,285	676	730
Deferred tax expense/(credit) (Note 20)	152	(29)	30	(45)
	1,330	1,256	706	685
Over provision in prior years	(102)	(20)	(87)	(21)
Charge to income statement	1,228	1,236	619	664

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Operating profit after allowances and amortisation	7,982	7,448	7,480	5,923
Prima facie tax calculated at tax rate of 17%	1,357	1,266	1,272	1,007
Effect of:				
Different tax rates in other countries	136	116	59	27
Income not subject to tax	18	(24)	(404)	(246)
Income taxed at concessionary rates	(283)	(197)	(268)	(185)
Singapore life insurance funds	(15)	(11)	–	–
Non-deductible expenses and losses	131	108	(14)	68
Others	(14)	(2)	61	14
	1,330	1,256	706	685

The deferred tax expense/(credit) comprised:				
Accelerated tax depreciation	57	(1)	48	(1)
Depreciable assets acquired in business combinations	(5)	(10)	(29)	(1)
Tax losses	(35)	(41)	(19)	(25)
Insurance/reinsurance contract liabilities	94	58	–	–
Unrealised gains/(losses) on financial assets	8	22	13	22
Allowances for assets	#	(56)	(12)	(36)
Other temporary differences	33	(1)	29	(4)
	152	(29)	30	(45)

Notes to the Financial Statements

For the financial year ended 31 December 2024

11. Income Tax Expense (continued)

OECD Pillar Two Model Rules

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. Pillar Two legislation was enacted in Singapore, the jurisdiction in which the Bank is incorporated, and came into effect from 1 January 2025. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2024.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate for each jurisdiction and the 15% minimum rate. For the financial year 2024, the Group has GloBE effective tax rates that exceed 15% or satisfies the transitional country-by-country safe harbour in all the jurisdictions where the legislation is effective. In addition, based on the current assessment there is no impact from exposure to Pillar Two legislation on the going concern assessment or on any asset impairment of the Group and the Bank.

Based on the Group's assessment, the application of the Pillar Two legislation in the financial year 2025 is expected to increase the Group's annual effective tax rate by 1.8 percentage points.

12. Earnings Per Share

	GROUP	
	2024 \$ million	2023 \$ million
Profit attributable to equity holders of the Bank	7,587	7,021
Perpetual capital securities distributions declared in respect of the period	(64)	(66)
Profit attributable to ordinary equity holders of the Bank after other equity distributions	7,523	6,955
Weighted average number of ordinary shares (million)		
For basic earnings per share	4,497	4,495
Adjustment for assumed conversion of share options and acquisition rights	3	3
For diluted earnings per share	4,500	4,498
Earnings per share (\$)		
Basic	1.67	1.55
Diluted	1.67	1.55

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Bank net of perpetual capital securities distributions by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options and acquisition rights, with the potential ordinary shares weighted for the period outstanding.

13. Share Capital

13.1 Share Capital

GROUP AND BANK	2024 Shares (million)	2023 Shares (million)
Ordinary shares		
At 1 January	4,515	4,515
Shares issued to non-executive directors	#	#
At 31 December	4,515	4,515
Treasury shares		
At 1 January	(21)	(20)
Share buyback	(13)	(16)
Share Option Scheme	6	4
Share Purchase Plan	7	6
Treasury shares transferred to DSP Trust	6	5
At 31 December	(15)	(21)
Issued share capital, at 31 December	18,096	18,045

⁽¹⁾ # represents less than 500,000 shares.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Bank. All shares (excluding treasury shares) rank equally with regard to the Bank's residual assets.

The issued ordinary shares have no par value and qualify as Common Equity Tier 1 capital for the Group.

All issued shares were fully paid.

Subsidiaries and associates of the Group did not hold shares in the capital of the Bank as at 31 December 2024 and 31 December 2023.

13.2 Share Option Scheme

Executives of the Group ranked Manager and above and non-executive directors of the Group are eligible to participate in the OCBC Share Option Scheme 2001 (2001 Scheme). The Bank has ceased granting share options under the 2001 Scheme effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by the recipients. Options granted to Group executives are exercisable for up to 10 years, while options granted to non-executive Directors are exercisable for up to five years.

For the financial years ended 31 December 2024 and 31 December 2023, no options were granted under the 2001 Scheme.

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For the financial year ended 31 December 2024

13. Share Capital (continued)

13.2 Share Option Scheme (continued)

Movements in the number of shares under options and the average acquisition prices are as follows:

	2024		2023	
	Number of shares under options ('000)	Average price	Number of shares under options ('000)	Average price
At 1 January	14,299	\$10.943	18,377	\$10.760
Exercised	(5,996)	\$11.051	(3,692)	\$9.787
Forfeited/lapsed	(53)	\$13.340	(386)	\$13.252
At 31 December	8,250	\$10.850	14,299	\$10.943
Exercisable options at 31 December	8,250	\$10.850	14,299	\$10.943
Average share price underlying the options exercised		\$14.263		\$12.619

At 31 December 2024, the weighted average remaining contractual life of outstanding share options was 2.1 years (2023: 2.9 years). The aggregate number of shares under outstanding options held by a director of the Bank was 43,512 (2023: 43,512).

13.3 Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan (ESP Plan) was implemented for all employees of the participating companies in the Group, including executive Directors.

The ESP Plan is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or from Central Provident Fund. The employees have the option to convert the contributions to ordinary shares after one year or to withdraw the contributions at any time. As a further incentive to employees to enrol in the ESP Plan, the Bank pays interest on the amounts saved at a preferential interest rate. The duration of the offering period is 24 months.

In July 2024, the Bank launched its nineteenth offering under the ESP Plan, which commenced on 1 September 2024 and will expire on 31 August 2026. Under the nineteenth offering, the Bank granted rights to acquire 8,555,039 (2023: 8,899,030) ordinary shares in the Bank. For the financial years ended 31 December 2024 and 31 December 2023, no rights were granted to directors of the Bank to acquire ordinary shares in the Bank. The fair value of rights, determined using the binomial valuation model, was \$5.3 million (2023: \$6.6 million). Significant inputs to the valuation model are set out below:

	2024	2023
Acquisition price (\$)	14.45	12.47
Share price (\$)	14.80	12.94
Expected volatility based on historical volatility as of acceptance date (%)	13.19	12.97
Singapore government bond yields (%)	2.83	3.36
Expected dividend yield (%)	6.54	4.91

13. Share Capital (continued)

13.3 Employee Share Purchase Plan (continued)

Movements in the number of acquisition rights of the ESP Plan are as follows:

	2024		2023	
	Number of acquisition rights ('000)	Average price	Number of acquisition rights ('000)	Average price
At 1 January	15,492	\$12.287	14,908	\$11.851
Exercised and conversion upon expiry	(7,236)	\$12.098	(6,589)	\$11.602
Forfeited	(1,242)	\$12.783	(1,726)	\$12.072
Subscription	8,555	\$14.450	8,899	\$12.470
At 31 December	15,569	\$13.524	15,492	\$12.287
Average share price underlying acquisition rights exercised/converted		\$14.820		\$12.649

At 31 December 2024, the weighted average remaining contractual life of outstanding acquisition rights was 1.2 years (2023: 1.2 years). At 31 December 2024 and 31 December 2023, no acquisition rights were held by directors of the Bank.

13.4 Deferred Share Plan

The OCBC Deferred Share Plan (DSP) aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives with the sustained business performance of the Bank. Group executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee, are eligible to participate in the DSP.

Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the DSP. Prior to the vesting date, the executives will not be accorded voting rights for the shares.

The Bank adopted the OCBC Deferred Share Plan 2021 (DSP 2021) on 29 April 2021 to replace the DSP, which was terminated on the same day. The termination of the DSP does not affect the awards which have been granted, whether such awards have been released (whether fully or partially) or not. By implementing the DSP 2021, which permits new ordinary shares to be issued, the Bank has greater flexibility in its methods for delivery of ordinary shares, as this can be effected through an issue of new ordinary shares, in addition to the transfer of existing ordinary shares (including treasury shares).

During the year, 10,994 (2023: 5,413,124) deferred shares were released to employees under the DSP. As at 31 December 2024, there were no longer any outstanding awards granted under the DSP.

Total awards of 7,237,975 (2023: 6,785,111) ordinary shares were granted and accepted by eligible executives under the DSP 2021 for the financial year ended 31 December 2024, of which 325,534 ordinary shares were granted to directors of the Bank who held office as at 31 December 2024. The fair value of the shares at grant date was \$96.8 million (2023: \$83.8 million). During the year, 8,056,432 (2023: 3,787,000) deferred shares were released to employees under the DSP 2021, of which 177,094 deferred shares were released to directors of the Bank who held office at 31 December 2024.

The accounting treatment of share-based compensation plan is set out in Note 2.16.4

Notes to the Financial Statements

For the financial year ended 31 December 2024

14. Other Equity Instruments

	Note	GROUP AND BANK	
		2024 \$ million	2023 \$ million
SGD200 million 3.0% non-cumulative non-convertible perpetual capital securities (3.0% Capital Securities)	(a)	200	200
SGD500 million 3.9% non-cumulative non-convertible perpetual capital securities (3.9% Capital Securities)	(b)	498	498
SGD550 million 4.5% non-cumulative non-convertible perpetual capital securities (4.5% Capital Securities)	(c)	550	550
SGD450 million 4.05% non-cumulative non-convertible perpetual capital securities (4.05% Capital Securities)	(d)	450	–
		1,698	1,248

- (a) The 3.0% Capital Securities issued by the Bank on 30 September 2020 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 3.0% Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank on or after 30 September 2030 (First Reset Date), and each distribution payment date after the First Reset Date. The terms include a non-viability loss-absorbing feature. Under this feature, OCBC must write off the securities when: (1) the MAS notifies the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable; or (2) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the MAS. The Bank will, in consultation with or as directed by MAS, determine the amount to be written off in order for the non-viability event to cease to continue. In addition to the first call in 2030, the 3.0% Capital Securities may also be redeemed if a qualifying tax event or a change of qualification event occurs.

The 3.0% Capital Securities bear a fixed distribution rate of 3.0% per annum from the issue date to the First Reset Date and will be reset every 10 years thereafter to a fixed rate equal to the then-prevailing 10-year SGD Swap Offer Rate plus 2.19%. With the cessation of the SGD Swap Offer Rate, and following the guidance released by the Steering Committee for SOR Transition to SORA for the transition of resettable fixed rate securities, the fixed distribution rate will be replaced with the sum of the SORA-OIS of the same tenor and the 6-month MAS Recommended Rate Adjustment Spread of 0.3112% plus 2.19% if it is not redeemed at the First Reset Date. The non-cumulative distributions may only be paid out of distributable reserves semi-annually in March and September, unless cancelled by the Bank at its option. These constitute unsecured and subordinated obligations, ranking senior only to ordinary shares of the Bank.

- (b) The 3.9% Capital Securities issued by the Bank on 8 June 2022 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 3.9% Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank on 8 June 2027 (First Reset Date), or each distribution payment date falling after the First Reset Date. The terms include a non-viability loss-absorbing feature. Under this feature, OCBC must write off the securities when: (1) the MAS notifies the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable; or (2) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the MAS. The Bank will, in consultation with or as directed by MAS, determine the amount to be written off in order for the non-viability event to cease to continue. In addition to the first call in 2027, the 3.9% Capital Securities may also be redeemed if a qualifying tax event or a change of qualification event occurs.

The 3.9% Capital Securities bear a fixed distribution rate of 3.9% per annum from the issue date to the First Reset Date and will be reset every five years thereafter to a fixed rate equal to the then-prevailing five-year SORA-OIS rate plus 1.416%. The non-cumulative distributions may only be paid out of distributable reserves semi-annually in June and December, unless cancelled by the Bank at its option. These constitute unsecured and subordinated obligations, ranking senior only to ordinary shares of the Bank.

14. Other Equity Instruments (continued)

- (c) The 4.5% Capital Securities issued by the Bank on 15 August 2023 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 4.5% Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank on 15 February 2029 (First Reset Date), or each distribution payment date falling after the First Reset Date. The terms include a non-viability loss-absorbing feature. Under this feature, OCBC must write off the securities when: (1) the MAS notifies the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable; or (2) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the MAS. The Bank will, in consultation with or as directed by MAS, determine the amount to be written off in order for the non-viability event to cease to continue. In addition to the first call in 2029, the 4.5% Capital Securities may also be redeemed if a qualifying tax event or a change of qualification event occurs.

The 4.5% Capital Securities bear a fixed distribution rate of 4.5% per annum from the issue date to the First Reset Date and will be reset every five years thereafter to a fixed rate equal to the then-prevailing five-year SORA-OIS rate plus 1.3348%. The non-cumulative distributions may only be paid out of distributable reserves semi-annually in February and August, unless cancelled by the Bank at its option. These constitute unsecured and subordinated obligations, ranking senior only to ordinary shares of the Bank.

- (d) The 4.05% Capital Securities issued by the Bank on 16 January 2024 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 4.05% Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank on 16 October 2029 (First Reset Date), or each distribution payment date falling after the First Reset Date. The terms include a non-viability loss-absorbing feature. Under this feature, OCBC must write off the securities when: (1) the MAS notifies the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable; or (2) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the MAS. The Bank will, in consultation with or as directed by MAS, determine the amount to be written off in order for the non-viability event to cease to continue. In addition to the first call in 2029, the 4.05% Capital Securities may also be redeemed if a qualifying tax event or a change of qualification event occurs.

The 4.05% Capital Securities bear a fixed distribution rate of 4.05% per annum from the issue date to the First Reset Date and will be reset every five years thereafter to a fixed rate equal to the then-prevailing five-year SORA-OIS rate plus 1.3165%. The non-cumulative distributions may only be paid out of distributable reserves semi-annually in April and October, unless cancelled by the Bank at its option. These constitute unsecured and subordinated obligations, ranking senior only to ordinary shares of the Bank.

15. Capital Reserves

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
At 1 January	815	792	544	560
Share-based payments for staff costs	6	6	6	6
Shares transferred to DSP Trust	(92)	(84)	–	–
Shares vested under DSP Scheme	107	113	–	–
Transfer from unappropriated profit (Note 16.1)	10	10	–	–
Transfer to share capital	(16)	(22)	(16)	(22)
At 31 December	830	815	534	544

Capital reserves include regulatory loss allowance reserve and statutory reserves set aside by the Group's banking and stockbroking entities in accordance with the respective laws and regulations. Capital reserves also include the Bank's employee share schemes' reserves and deferred shares held by DSP Trust.

Notes to the Financial Statements

For the financial year ended 31 December 2024

16. Revenue Reserves

	Note	GROUP		BANK	
		2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Unappropriated profit	16.1	39,072	35,549	20,684	17,735
General reserves	16.2	1,246	1,317	1,415	1,412
Cash flow and other hedge reserves	16.3	171	101	136	41
Currency translation reserves	16.4	(2,107)	(2,464)	(303)	(251)
Own credit reserves		(3)	(2)	(3)	(2)
At 31 December		38,379	34,501	21,929	18,935

16.1 Unappropriated Profit

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Profit attributable to equity holders of the Bank	7,587	7,021	6,861	5,259
Add:				
Unappropriated profit at 1 January	35,549	32,185	17,735	16,119
Total amount available for appropriation	43,136	39,206	24,596	21,378

Appropriated as follows:

Ordinary dividends:				
Final tax-exempt dividend of 42 cents paid for the previous financial year (2023: tax-exempt dividend of 40 cents)	(1,891)	(1,800)	(1,891)	(1,800)
Interim tax-exempt dividend of 44 cents paid for the current financial year (2023: tax-exempt dividend of 40 cents)	(1,978)	(1,798)	(1,978)	(1,798)
Distributions for other equity instruments:				
4.0% perpetual capital securities	–	(40)	–	(40)
3.0% perpetual capital securities	(6)	(6)	(6)	(6)
3.9% perpetual capital securities	(20)	(20)	(20)	(20)
4.5% perpetual capital securities	(25)	–	(25)	–
4.05% perpetual capital securities	(13)	–	(13)	–
Transfer (to)/from:				
Capital reserves (Note 15)	(10)	(10)	–	–
Fair value reserves	72	14	13	13
General reserves (Note 16.2)	13	10	13	10
Others	(206)	(7)	(5)	(2)
	(4,064)	(3,657)	(3,912)	(3,643)
At 31 December	39,072	35,549	20,684	17,735

At the annual general meeting to be held, a final tax-exempt dividend of 41 cents per ordinary share and a tax-exempt special dividend of 16 cents per ordinary share in respect of the financial year ended 31 December 2024, totalling \$2,565 million, will be proposed. The dividends will be accounted for as a distribution in the 2025 financial statements.

16. Revenue Reserves (continued)

16.2 General Reserves

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
At 1 January	1,317	1,277	1,412	1,406
DSP reserve from dividends on unvested shares	16	16	16	16
Net insurance financial result	(74)	34	–	–
Transfer to unappropriated profit (Note 16.1)	(13)	(10)	(13)	(10)
At 31 December	1,246	1,317	1,415	1,412

The general reserves have not been earmarked for any specific purpose, and include merger reserves arising from common control transactions, insurance finance reserves, as well as dividends on unvested shares under the DSP.

16.3 Cash Flow and Other Hedge Reserves

The cash flow hedge reserves comprise the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows. The cash flow hedges principally consist of interest rate contracts that are used to hedge against the variability in cash flows of certain floating rate instruments.

Other hedge reserves comprise the forward element that is separated from a forward contract, where only the spot element is designated as the hedging instrument.

16.4 Currency Translation Reserves

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
At 1 January	(2,464)	(1,737)	(251)	(210)
Movements for the year	580	(858)	(46)	(45)
(Loss)/gain from foreign currency net investment hedges	(223)	131	(6)	4
At 31 December	(2,107)	(2,464)	(303)	(251)

Currency translation reserves comprise differences arising from the translation of the net assets of foreign operations and the effective portion of the hedge against currency exposure in foreign operations.

Refer to Note 38.3 Currency risk – Structural foreign exchange risk for management of structural foreign exchange risk.

Notes to the Financial Statements

For the financial year ended 31 December 2024

17. Deposits and Balances of Non-Bank Customers and Banks

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Deposits of non-bank customers				
Current accounts	109,603	104,465	67,626	64,287
Savings deposits	81,150	72,527	69,644	62,073
Term deposits	149,082	141,547	76,013	73,027
Structured deposits	12,103	8,447	3,657	3,046
Certificates of deposit issued	22,253	23,639	22,235	23,101
Other deposits	16,496	13,145	14,000	10,617
	390,687	363,770	253,175	236,151
Deposits and balances of banks	11,565	10,884	8,951	8,080
	402,252	374,654	262,126	244,231

18. Derivative Financial Instruments

The derivative financial instruments shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at the reporting date are analysed below.

GROUP (\$ million)	2024			2023		
	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives (FED)						
Forwards	47,032	512	481	52,751	408	385
Swaps	593,655	8,309	7,274	477,047	4,414	5,105
OTC options	51,577	327	345	48,259	261	258
	692,264	9,148	8,100	578,057	5,083	5,748
Interest rate derivatives (IRD)						
Swaps	687,987	7,184	6,955	648,196	7,215	7,074
OTC options	14,903	29	102	12,758	33	53
Exchange traded futures	3,249	4	2	20,489	1	1
Others	114	2	1	129	–	2
	706,253	7,219	7,060	681,572	7,249	7,130
Equity derivatives						
Swaps	6,033	249	455	4,384	312	490
OTC options	12,404	336	362	6,227	175	185
Exchange traded futures	363	#	4	367	2	#
Others	59	#	3	81	#	5
	18,859	585	824	11,059	489	680
Credit derivatives						
Swaps – protection buyer	5,306	17	97	3,155	1	54
Swaps – protection seller	4,085	80	7	2,573	44	–
	9,391	97	104	5,728	45	54
Other derivatives						
Precious metals	2,330	22	23	1,372	12	11
OTC options	9,753	132	127	10,735	98	97
	12,083	154	150	12,107	110	108
Total	1,438,850	17,203	16,238	1,288,523	12,976	13,720

Notes to the Financial Statements

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18. Derivative Financial Instruments (continued)

BANK (\$ million)	2024			2023		
	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives (FED)						
Forwards	36,048	414	358	32,743	288	271
Swaps	449,489	5,958	5,099	379,657	3,566	4,098
OTC options	49,989	315	332	45,800	249	249
	535,526	6,687	5,789	458,200	4,103	4,618
Interest rate derivatives (IRD)						
Swaps	537,582	6,073	5,917	451,924	6,674	6,602
OTC options	14,653	29	101	11,103	33	52
Exchange traded futures	2,781	3	2	20,421	1	1
Others	93	1	#	45	-	2
	555,109	6,106	6,020	483,493	6,708	6,657
Equity derivatives						
Swaps	5,645	235	444	4,010	286	465
OTC options	11,925	327	362	5,876	173	184
Exchange traded futures	45	#	#	241	-	#
Others	59	#	3	81	#	5
	17,674	562	809	10,208	459	654
Credit derivatives						
Swaps – protection buyer	5,110	8	96	2,966	1	53
Swaps – protection seller	3,891	80	#	2,384	43	-
	9,001	88	96	5,350	44	53
Other derivatives						
Precious metals	1,874	17	19	741	7	7
OTC options	8,224	122	122	9,920	96	94
	10,098	139	141	10,661	103	101
Total	1,127,408	13,582	12,855	967,912	11,417	12,083

19. Other Liabilities

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Bills payable	348	422	277	378
Interest payable	1,940	1,995	1,286	1,291
Lease liabilities	234	218	49	59
Precious metal liabilities	1,055	1,001	17	13
Sundry creditors	3,839	3,608	1,547	883
Others	1,954	1,912	806	941
	9,370	9,156	3,982	3,565

At 31 December 2024, non-life insurance contract liabilities included in "Others" amounted to \$618 million (2023: \$673 million) for the Group.

20. Deferred Tax

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
At 1 January	50	(99)	(27)	21
Currency translation and others	(2)	74	(11)	(3)
Net charge/(credit) to income statement (Note 11)	152	(29)	30	(45)
Over provision in prior years	(42)	(21)	(31)	(27)
Net charge/(credit) to equity	67	76	2	27
Net change in tax for life insurance funds	78	49	–	–
At 31 December	303	50	(37)	(27)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Notes to the Financial Statements

For the financial year ended 31 December 2024

20. Deferred Tax (continued)

The deferred tax assets and liabilities are to be recovered and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Deferred tax liabilities				
Accelerated tax depreciation	173	110	116	70
Unrealised gains on investments	47	45	18	26
Depreciable assets acquired in business combination	95	97	4	33
Provision for policy liabilities	514	326	–	–
Regulatory loss allowance reserve	58	63	58	63
Others	47	50	33	#
	934	691	229	192
Amount offset against deferred tax assets	(93)	(55)	(91)	(86)
	841	636	138	106
Deferred tax assets				
Allowances for impairment of assets	(349)	(352)	(163)	(148)
Tax losses	(129)	(119)	(61)	(35)
Unrealised losses on financial assets	(24)	(59)	(19)	(18)
Others	(129)	(111)	(23)	(18)
	(631)	(641)	(266)	(219)
Amount offset against deferred tax liabilities	93	55	91	86
	(538)	(586)	(175)	(133)
Net deferred tax liabilities/(assets)	303	50	(37)	(27)

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2024, unutilised tax losses carried forward for which no deferred income tax has been recognised amounted to \$118 million (2023: \$133 million) for the Group, \$3 million (2023: \$52 million) for the Bank. These tax losses have no expiry date except for an amount of \$108 million (2023: \$125 million) which will expire between the years 2025 and 2041 (2023: years 2024 and 2037).

21. Debt Issued

	Note	GROUP		BANK	
		2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Subordinated debt	21.1	3,492	3,499	3,001	3,499
Fixed and floating rate notes	21.2	3,938	4,191	3,212	3,387
Commercial paper	21.3	17,867	14,418	17,852	14,390
Structured notes	21.4	4,833	3,747	4,833	3,747
Covered bonds	21.5	1,423	698	1,423	698
Total debt issued		31,553	26,553	30,321	25,721

21. Debt Issued (continued)

21.1 Subordinated Debt

	Note	Issue date	Maturity date	GROUP	
				2024 \$ million	2023 \$ million
Issued by the Bank:					
USD1 billion 4.250% notes	(a)	19 Jun 2014	19 Jun 2024	–	1,301
USD1 billion 1.832% notes	(b)	10 Sep 2020	10 Sep 2030	1,326	1,239
USD0.75 billion 4.602% notes	(c)	15 Jun 2022	15 Jun 2032	990	959
USD0.50 billion 5.520% notes	(d)	21 May 2024	21 May 2034	685	–
				3,001	3,499
Issued by The Great Eastern Life Assurance Company Limited:					
SGD0.5 billion 3.928% notes	(e)	17 Apr 2024	17 Apr 2039	491	–
Total subordinated debt				3,492	3,499

- (a) The subordinated notes can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 19 June and 19 December each year at 4.250% per annum. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying amount. The subordinated notes qualify as Tier 2 capital for the Group. The subordinated notes matured on 19 June 2024.
- (b) The subordinated notes are redeemable in whole at the option of the Bank on 10 September 2025. They can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 10 March and 10 September each year at 1.832% per annum up to 10 September 2025, and thereafter at a fixed rate per annum equal to the then prevailing 5-year U.S. Treasury Rate plus 1.580% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying amount. The subordinated notes qualify as Tier 2 capital for the Group.
- (c) The subordinated notes are redeemable in whole at the option of the Bank on 15 June 2027. They can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 15 June and 15 December each year at 4.602% per annum up to 15 June 2027, and thereafter at a fixed rate per annum equal to the then prevailing 5-year U.S. Treasury Rate plus 1.575% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying amount. The subordinated notes qualify as Tier 2 capital for the Group.
- (d) The subordinated notes are redeemable in whole at the option of the Bank on 21 May 2029. They can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 21 May and 21 November each year at 5.520% per annum up to 21 May 2029, and thereafter at a fixed rate per annum equal to the then prevailing 5-year U.S. Treasury Rate plus 1.030% if the redemption option is not exercised. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying amount. The subordinated notes qualify as Tier 2 capital for the Group.
- (e) The subordinated notes are redeemable in whole at the option of The Great Eastern Life Assurance Company Limited on 17 April 2034. Interest is payable semi-annually on 17 April and 17 October each year at 3.928% per annum up to 16 April 2034, and thereafter at a fixed rate per annum equal to the then prevailing 5-year SORA-OIS benchmark rate plus 0.731% if the redemption option is not exercised. The subordinated notes qualify as Tier 2 capital for The Great Eastern Life Assurance Company Limited.

Notes to the Financial Statements

For the financial year ended 31 December 2024

21. Debt Issued (continued)

21.2 Fixed and Floating Rate Notes

				GROUP	
	Note	Issue date	Maturity date	2024 \$ million	2023 \$ million
Issued by the Bank:					
AUD460 million floating rate notes	(a)	18 Mar 2021 – 25 Mar 2021	18 Mar 2024	–	415
AUD500 million floating rate notes	(a)	12 Aug 2021	12 Aug 2024	–	450
AUD200 million floating rate notes	(a)	21 Aug 2023	21 Aug 2024	–	180
AUD200 million floating rate notes	(a)	20 Jan 2023	25 Nov 2024	–	180
AUD700 million floating rate notes	(b)	14 Apr 2022	14 Apr 2025	592	631
AUD500 million floating rate notes	(b)	11 Aug 2022	11 Aug 2025	423	451
AUD1,000 million floating rate notes	(b)	18 May 2023	18 May 2026	845	900
AUD200 million floating rate notes	(b)	21 Nov 2023	21 Mar 2025	169	180
AUD500 million floating rate notes	(b)	8 Mar 2024	8 Mar 2027	423	–
AUD200 million floating rate notes	(b)	18 Jun 2024	18 Jun 2025	169	–
AUD500 million floating rate notes	(b)	27 Aug 2024	27 Aug 2027	422	–
AUD200 million floating rate notes	(b)	25 Nov 2024	25 Sep 2026	169	–
				3,212	3,387
Issued by Pac Lease Berhad:					
MYR80 million 3.48% fixed rate notes	(a)	19 Jun 2023	18 Jun 2024	–	23
MYR50 million 4.05% fixed rate notes	(a)	28 Jun 2023	10 Jan 2024	–	14
MYR50 million 3.28% fixed rate notes	(a)	14 Aug 2023	14 Feb 2024	–	15
MYR30 million 4.34% fixed rate notes	(c)	21 Mar 2023	21 Mar 2025	9	9
MYR70 million 4.50% fixed rate notes	(c)	21 Mar 2023	19 Mar 2026	21	20
MYR100 million 4.35% fixed rate notes	(c)	26 Apr 2023	24 Apr 2026	31	29
MYR50 million 4.15% fixed rate notes	(c)	27 Jul 2023	29 Jul 2025	15	14
MYR50 million 4.25% fixed rate notes	(c)	2 Aug 2023	4 Aug 2026	15	14
MYR45 million 4.15% fixed rate notes	(c)	3 Aug 2023	5 Aug 2025	14	13
MYR80 million 3.80% fixed rate notes	(c)	25 Sep 2024	25 Sep 2026	28	–
MYR50 million 3.80% fixed rate notes	(c)	10 Oct 2024	9 Oct 2026	15	–
MYR50 million 3.80% fixed rate notes	(c)	22 Oct 2024	22 Oct 2026	15	–
				163	151
Issued by OCBC Bank Limited:					
CNY730 million 3.50% fixed rate bonds	(a)	24 May 2021	24 May 2024	–	136
CNY1,020 million 3.32% fixed rate bonds	(a)	22 Nov 2021	22 Nov 2024	–	191
CNY710 million 2.99% fixed rate bonds	(d)	30 May 2022	30 May 2025	133	140
CNY470 million 3.24% fixed rate bonds	(d)	17 Nov 2022	17 Nov 2025	88	93
CNY450 million 2.88% fixed rate bonds	(d)	17 Aug 2023	17 Aug 2026	85	93
CNY1,300 million 2.40% fixed rate bonds	(d)	30 May 2024	30 May 2027	242	–
				548	653
Issued by Great Eastern Capital (Malaysia) Sdn Bhd:					
MYR50 million 4.58% fixed rate notes	(c)	25 Apr 2024	25 Apr 2029	15	–
Total fixed and floating rate notes				3,938	4,191

(a) The notes and bonds were fully redeemed on their respective maturity/cancellation dates.

(b) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus from 0.36% to 0.82% per annum.

(c) Interest is payable semi-annually.

(d) Interest is payable annually.

21. Debt Issued (continued)

21.3 Commercial Paper

	GROUP	
	2024 \$ million	2023 \$ million
Issued by the Bank	17,852	14,390
Issued by subsidiary	15	28
	17,867	14,418

The Bank issued the commercial paper under its USD10 billion Euro Commercial Paper (ECP) programme and USD25 billion US Commercial Paper (USCP) programme. The notes outstanding as at 31 December 2024 (2023: 31 December 2023) were issued between 27 June 2024 (2023: 18 September 2023) and 27 December 2024 (2023: 27 December 2023), and mature between 2 January 2025 (2023: 2 January 2024) and 4 June 2025 (2023: 14 May 2024). The commercial papers are zero-coupon papers, or floating coupon rate papers pegged to monthly or quarterly market rates.

21.4 Structured Notes

	Issue date	Maturity date	GROUP	
			2024 \$ million	2023 \$ million
Issued by the Bank:				
Credit linked notes	1 Oct 2012 – 24 Dec 2024	20 Feb 2025 – 26 Dec 2029	939	1,126
Fixed rate notes	9 Oct 2012 – 3 Jan 2025	2 Jan 2025 – 21 Aug 2054	559	834
Bond linked notes	8 Jun 2017 – 13 Jan 2025	2 Jan 2025 – 18 Nov 2033	1,467	132
Index linked notes	6 May 2024 – 20 Dec 2024	24 Jan 2025 – 22 Oct 2027	24	–
Fund linked notes	29 Oct 2019 – 20 Dec 2024	8 May 2025 – 21 Feb 2031	162	115
Participation notes	14 Jun 2019 – 20 Dec 2024	21 Jan 2025 – 7 Jul 2028	1,272	1,490
Equity linked notes	13 May 2022 – 10 Jan 2025	2 Jan 2025 – 19 May 2027	410	50
			4,833	3,747

The structured notes were issued by the Bank under its Structured Note and Global Medium Term Notes Programmes and were measured at amortised cost, except for \$939 million (2023: \$1,040 million) included under credit linked notes, \$450 million included under fixed rate notes (2023: \$726 million), nil included under equity linked notes (2023: \$2 million), \$1,467 million (2023: \$132 million) included under bond linked notes, \$21 million (2023: nil) included under index linked notes, \$38 million (2023: nil) included under fund linked notes and \$442 million (2023: nil) included under participation notes as at 31 December 2024 which were measured at fair value through profit or loss.

In accordance with SFRS(I) 9, to the extent that the underlying economic characteristics and risks of the embedded derivatives were not closely related to the economic characteristics and risks of the host contract, and where such embedded derivatives would meet the definition of a derivative, the Group bifurcated such embedded derivatives and recognised these separately from the host contracts. The bifurcated embedded derivatives were fair valued through profit or loss, and were included as part of the Group's derivatives in the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

21. Debt Issued (continued)

21.5 Covered Bonds

	Issue date	Maturity date	GROUP	
			2024 \$ million	2023 \$ million
Issued by the Bank:				
EUR500 million 0.625% fixed rate bonds	18 Apr 2018	18 Apr 2025	701	698
EUR500 million 3.290% fixed rate bonds	11 June 2024	11 June 2027	722	–
			1,423	698

The covered bonds were issued by the Bank under its USD10 billion Global Covered Bond Programme. The Covered Bond Guarantor, Red Sail Pte. Ltd., guarantees the payments of interest and principal. The guarantee is secured by a portfolio of Singapore housing loans transferred from OCBC Bank to Red Sail Pte. Ltd. (Note 46.2). Interest for the EUR covered bonds is payable annually and in arrears.

21.6 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

GROUP (\$ million)	Subordinated debt	Fixed and floating rate notes	Commercial paper	Structured notes	Covered bonds	Total
At 1 January 2023	3,484	3,202	10,759	2,713	1,780	21,938
Cash flows	–	1,040	3,755	1,081	(1,124)	4,752
Non-cash changes						
Currency translation	(66)	(52)	(255)	(45)	(114)	(532)
Others	81	1	159	(2)	156	395
At 31 December 2023/1 January 2024	3,499	4,191	14,418	3,747	698	26,553
Cash flows	(187)	(53)	2,672	1,211	727	4,370
Non-cash changes						
Currency translation	112	(199)	485	71	(3)	466
Others	68	(1)	292	(196)	1	164
At 31 December 2024	3,492	3,938	17,867	4,833	1,423	31,553

22. Assets and Liabilities for Life Insurance Funds

	GROUP	
	2024 \$ million	2023 \$ million
Insurance contract liabilities and other liabilities for life insurance funds		
Insurance contract liabilities	100,680	97,386
Reinsurance contract liabilities	142	166
Others	2,110	2,092
	102,932	99,644
Other assets for life insurance funds		
Deposits with banks and financial institutions	2,281	3,082
Loans	1,014	509
Investment property	1,939	1,881
Reinsurance contract assets	829	512
Insurance contract assets	68	12
Others ⁽¹⁾	1,708	1,951
	7,839	7,947
Investment securities for life insurance funds	94,452	89,570
	102,291	97,517
Balances for life insurance funds included under the following balance sheet items:		
Liabilities		
Current tax	211	144
Deferred tax	416	254
Other liabilities	47	51
Assets		
Cash and placements with central banks	#	#
Placements with and loans to banks	1,314	2,271
Property, plant and equipment and intangible assets	679	651
Deferred tax assets	8	4

(1) Others mainly comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.

Notes to the Financial Statements

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22. Assets and Liabilities for Life Insurance Funds (continued)

22.1 Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims for Life Insurance

\$ million	2024						Total
	Liabilities for remaining coverage		Liabilities for incurred claim				
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA			
			Estimates of the present value of future cash flows	Risk adjustment			
Insurance contract liabilities at 1 January	89,709	466	7,211	–	–	97,386	
Insurance contract assets at 1 January	(33)	31	(10)	–	–	(12)	
Net insurance contract liabilities/(assets) at 1 January	89,676	497	7,201	–	–	97,374	
Insurance revenue							
Contracts under modified retrospective approach	(1,073)	–	–	–	–	(1,073)	
Contracts under fair value transition approach	(3,002)	–	–	–	–	(3,002)	
Other contracts	(1,670)	–	(247)	(188)	–	(2,105)	
	(5,745)	–	(247)	(188)	–	(6,180)	
Insurance service expenses							
Incurred claims and other expenses	–	(330)	4,570	147	–	4,387	
Amortisation of insurance acquisition cash flows	588	–	–	–	–	588	
Losses on onerous contracts and reversal of those losses	–	561	–	–	–	561	
Changes to liabilities for incurred claims	–	–	124	40	1	165	
	588	231	4,694	187	1	5,701	
Insurance service result	(5,157)	231	4,447	(1)	1	(479)	
Finance expenses from insurance contracts issued	5,672	6	232	–	–	5,910	
Effect of movements in exchange rates	1,266	8	333	–	–	1,607	
Total changes in the income statement and OCI	1,781	245	5,012	(1)	1	7,038	
Investment components	(14,293)	–	14,293	–	–	–	
Cash flows							
Premiums received	16,532	–	–	–	–	16,532	
Claims and other expenses paid	–	–	(18,522)	(36)	–	(18,558)	
Insurance acquisition cash flows	(1,630)	–	–	–	–	(1,630)	
Total cash flows	14,902	–	(18,522)	(36)	–	(3,656)	
Other movements	(270)	(15)	231	(90)	–	(144)	
Net insurance contract liabilities/(assets) at 31 December	91,796	727	8,215	(127)	1	100,612	
Insurance contract liabilities at 31 December	91,866	707	8,233	(127)	1	100,680	
Insurance contract assets at 31 December	(70)	20	(18)	–	–	(68)	
Net insurance contract liabilities/(assets) at 31 December	91,796	727	8,215	(127)	1	100,612	

22. Assets and Liabilities for Life Insurance Funds (continued)

22.1 Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims for Life Insurance (continued)

2023

\$ million	Liabilities for remaining coverage		Liabilities for incurred claim	Total
	Excluding loss component	Loss component	Contracts not under PAA	
Insurance contract liabilities at 1 January	86,739	308	7,110	94,157
Insurance contract assets at 1 January	(371)	25	(9)	(355)
Net insurance contract liabilities/(assets) at 1 January	86,368	333	7,101	93,802
Insurance revenue				
Contracts under modified retrospective approach	(1,155)	–	–	(1,155)
Contracts under fair value transition approach	(3,095)	–	–	(3,095)
Other contracts	(1,467)	–	–	(1,467)
	(5,717)	–	–	(5,717)
Insurance service expenses				
Incurred claims and other expenses	–	(375)	3,967	3,592
Amortisation of insurance acquisition cash flows	515	–	–	515
Losses on onerous contracts and reversal of those losses	–	515	–	515
Changes to liabilities for incurred claims	–	–	136	136
	515	140	4,103	4,758
Insurance service result	(5,202)	140	4,103	(959)
Finance expenses from insurance contracts issued	4,951	31	197	5,179
Effect of movements in exchange rates	(1,291)	(7)	(257)	(1,555)
Total changes in the income statement and OCI	(1,542)	164	4,043	2,665
Investment components	(9,450)	–	9,450	–
Cash flows				
Premiums received	15,895	–	–	15,895
Claims and other expenses paid	–	–	(13,439)	(13,439)
Insurance acquisition cash flows	(1,477)	–	–	(1,477)
Total cash flows	14,418	–	(13,439)	979
Other movements	(118)	(#)	46	(72)
Net insurance contract liabilities/(assets) at 31 December	89,676	497	7,201	97,374
Insurance contract liabilities at 31 December	89,709	466	7,211	97,386
Insurance contract assets at 31 December	(33)	31	(10)	(12)
Net insurance contract liabilities/(assets) at 31 December	89,676	497	7,201	97,374

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22. Assets and Liabilities for Life Insurance Funds (continued)

22.2 Reconciliation of the Measurement Components of Insurance Contract Balances for Life Insurance – Contracts Not Measured Under the PAA

\$ million	2024				2023			
	Estimates of the present value of future cash flows	Risk adjustment	CSM	Total	Estimates of the present value of future cash flows	Risk adjustment	CSM	Total
Insurance contract liabilities at 1 January	86,476	4,154	6,756	97,386	83,364	3,925	6,868	94,157
Insurance contract assets at 1 January	(247)	124	111	(12)	(580)	118	107	(355)
Net insurance contract liabilities/(assets) at 1 January	86,229	4,278	6,867	97,374	82,784	4,043	6,975	93,802
Changes that relate to current services								
CSM recognised for services provided	–	–	(728)	(728)	–	–	(773)	(773)
Risk adjustment recognised for the risk expired	–	(574)	–	(574)	–	(503)	–	(503)
Experience adjustments	112	–	–	112	(331)	–	–	(331)
Changes that relate to future services								
Contracts initially recognised in the year	(1,009)	703	527	221	(862)	659	461	258
Changes in estimates that adjust the CSM	338	(85)	(253)	–	(248)	40	208	–
Changes that result in onerous losses or reversal of such losses	302	17	–	319	203	52	–	255
Changes that relate to past services								
Adjustments to liabilities for incurred claims	170	1	–	171	142	(7)	–	135
Insurance service result	(87)	62	(454)	(479)	(1,096)	241	(104)	(959)
Finance expenses from insurance contract issued	5,654	100	156	5,910	4,807	170	202	5,179
Effect of movements in foreign exchange rates	1,245	177	185	1,607	(1,186)	(176)	(193)	(1,555)
Total changes in the income statement and OCI	6,812	339	(113)	7,038	2,525	235	(95)	2,665
Cash flows								
Premiums received	16,430	–	–	16,430	16,126	–	–	16,126
Claims and other expenses paid	(18,522)	–	–	(18,522)	(13,841)	–	–	(13,841)
Insurance acquisition cash flows	(1,629)	–	–	(1,629)	(1,477)	–	–	(1,477)
Total cash flows	(3,721)	–	–	(3,721)	808	–	–	808
Other movements	(166)	(#)	(7)	(173)	112	–	(13)	99
Net insurance contract liabilities at 31 December	89,154	4,617	6,747	100,518	86,229	4,278	6,867	97,374
Insurance contract liabilities at 31 December	89,434	4,498	6,654	100,586	86,476	4,154	6,756	97,386
Insurance contract assets at 31 December	(280)	119	93	(68)	(247)	124	111	(12)
Net insurance contract liabilities at 31 December	89,154	4,617	6,747	100,518	86,229	4,278	6,867	97,374

22. Assets and Liabilities for Life Insurance Funds (continued)

22.3 Impact of Life Insurance Contracts Recognised During the Year

\$ million	Contracts issued					
	2024			2023		
	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
Claims and other directly attributable expenses	7,295	6,757	14,052	8,049	5,267	13,316
Insurance acquisition cash flows	1,377	271	1,648	1,241	334	1,575
Estimates of present value of future cash outflows	8,672	7,028	15,700	9,290	5,601	14,891
Estimates of present value of future cash inflows	(9,678)	(7,031)	(16,709)	(10,177)	(5,576)	(15,753)
Risk adjustment	479	224	703	427	232	659
CSM	527	–	527	461	–	461
Increase in insurance contract liabilities from contracts recognised during the year	–	221	221	1	257	258

22.4 Amounts Determined on Transition to SFRS(I) 17

\$ million	2024				2023			
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
	CSM at 1 January	2,444	2,816	1,607	6,867	2,820	3,047	1,108
Changes that relate to current services								
CSM recognised for services provided	(241)	(289)	(198)	(728)	(253)	(290)	(230)	(773)
Changes that relate to future services								
Contracts initially recognised in the period	–	–	527	527	–	#	461	461
Changes in estimates that adjust the CSM	(322)	(144)	213	(253)	(87)	15	280	208
Insurance service result	(563)	(433)	542	(454)	(340)	(275)	511	(104)
Finance expenses from insurance contract issued	87	26	43	156	125	67	10	202
Effect of movements in exchange rates	122	26	37	185	(153)	(21)	(19)	(193)
Total changes in the income statement or OCI	(354)	(381)	622	(113)	(368)	(229)	502	(95)
Other movements	(1)	–	(6)	(7)	(8)	(2)	(3)	(13)
CSM at 31 December	2,089	2,435	2,223	6,747	2,444	2,816	1,607	6,867

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For the financial year ended 31 December 2024

22. Assets and Liabilities for Life Insurance Funds (continued)

22.5 Expected Recognition of the Contractual Service Margin for Life Insurance Contracts Issued

\$ million	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
2024							
Life insurance contracts issued	580	510	469	430	388	4,370	6,747

\$ million	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
2023							
Life insurance contracts issued	602	489	449	418	388	4,521	6,867

23. Cash and Placements with Central Banks

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Cash on hand	719	648	407	347
Non-restricted balances with central banks	28,110	28,222	26,103	24,234
Cash and cash equivalents	28,829	28,870	26,510	24,581
Restricted balances with central banks – mandatory reserve deposits	5,774	5,420	4,019	3,873
Gross cash and placements with central banks	34,603	34,290	30,529	28,454
Allowances for non-impaired placements with central banks	(4)	(4)	(4)	(4)
Net cash and placements with central banks	34,599	34,286	30,525	28,450

24. Government Treasury Bills and Securities

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Singapore government treasury bills and securities	14,316	19,165	13,182	17,832
Other government treasury bills and securities	30,369	26,465	11,196	10,804
Total government treasury bills and securities	44,685	45,630	24,378	28,636

25. Placements with and Loans to Banks

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Certificates of deposit held	21,897	19,211	16,414	14,772
Placements with and loans to banks	13,715	13,158	10,308	10,588
Market bills purchased	955	1,292	955	1,292
Reverse repos	4,529	2,124	4,499	2,124
Balances with banks	41,096	35,785	32,176	28,776
Bank balances for life insurance funds	1,314	2,271	–	–
Gross placements with and loans to banks	42,410	38,056	32,176	28,776
Allowances for non-impaired placements with and loans to banks	(3)	(5)	(2)	(3)
Net placements with and loans to banks	42,407	38,051	32,174	28,773

26. Loans to Customers

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Gross loans	319,166	296,653	229,814	209,801
Allowances				
Impaired loans (Note 28)	(1,278)	(1,328)	(484)	(620)
Non-impaired loans (Note 30)	(2,792)	(2,571)	(1,732)	(1,673)
Net loans	315,096	292,754	227,598	207,508

26.1 Analysed by Product

Overdrafts	5,226	5,246	381	367
Short-term and revolving loans	67,105	58,798	41,339	35,122
Syndicated and term loans	144,799	133,722	116,049	108,954
Housing and commercial property loans	76,103	70,987	54,649	49,195
Car, credit card and share margin loans	5,378	4,822	3,821	3,431
Bills receivable	4,211	3,875	3,359	2,670
Others	16,344	19,203	10,216	10,062
	319,166	296,653	229,814	209,801

26.2 Analysed by Industry

Agriculture, mining and quarrying	7,523	6,808	5,365	4,615
Manufacturing	15,033	14,186	6,957	6,815
Building and construction	93,924	93,165	77,963	77,228
Housing loans	68,358	63,833	52,222	47,080
General commerce	31,053	27,411	23,277	20,513
Transport, storage and communication	21,327	16,113	18,284	13,952
Financial institutions, investment and holding companies	27,601	24,093	10,499	7,871
Professionals and individuals	32,679	31,708	18,540	16,725
Others	21,668	19,336	16,707	15,002
	319,166	296,653	229,814	209,801

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For the financial year ended 31 December 2024

27. Non-Performing Assets

Non-performing assets (NPAs) comprise non-performing loans, debt securities and contingents that are classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

\$ million	Substandard	Doubtful	Loss	Total
GROUP				
2024				
Classified loans	632	1,678	517	2,827
Classified debt securities	–	–	–	–
Classified contingents	24	7	11	42
Total classified assets	656	1,685	528	2,869
Allowances for impaired assets	(83)	(987)	(210)	(1,280)
Net classified assets	573	698	318	1,589

2023				
Classified loans	928	1,342	535	2,805
Classified debt securities	–	–	–	–
Classified contingents	27	59	10	96
Total classified assets	955	1,401	545	2,901
Allowances for impaired assets	(127)	(972)	(231)	(1,330)
Net classified assets	828	429	314	1,571

BANK				
2024				
Classified loans	147	556	117	820
Classified debt securities	–	–	–	–
Classified contingents	11	7	–	18
Total classified assets	158	563	117	838
Allowances for impaired assets	(3)	(471)	(10)	(484)
Net classified assets	155	92	107	354

2023				
Classified loans	446	670	98	1,214
Classified debt securities	–	–	–	–
Classified contingents	11	56	–	67
Total classified assets	457	726	98	1,281
Allowances for impaired assets	(22)	(592)	(6)	(620)
Net classified assets	435	134	92	661

27. Non-Performing Assets (continued)

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
27.1 Analysed by Period Overdue				
Over 180 days	1,002	953	447	250
Over 90 days to 180 days	141	368	42	209
30 days to 90 days	287	253	33	52
Less than 30 days	755	274	38	86
No overdue	684	1,053	278	684
	2,869	2,901	838	1,281

27.2 Analysed by Collateral Type				
Property	1,583	1,252	209	213
Fixed deposit	20	20	12	11
Stock and shares	1	3	–	2
Motor vehicles	3	6	1	#
Secured – Others	104	367	46	242
Unsecured – Corporate and other guarantees	681	366	404	337
Unsecured – Clean	477	887	166	476
	2,869	2,901	838	1,281

27.3 Analysed by Industry				
Agriculture, mining and quarrying	35	38	30	32
Manufacturing	351	423	41	48
Building and construction	1,296	613	281	218
Housing loans	420	503	139	168
General commerce	266	306	25	76
Transport, storage and communication	113	231	100	217
Financial institutions, investment and holding companies	67	152	–	–
Professionals and individuals	107	105	25	33
Others	214	530	197	489
	2,869	2,901	838	1,281

27.4 Restructured/Renegotiated Loans

Non-performing restructured loans by loan classification and the related allowances are shown below. The restructured loans as a percentage of total non-performing loans were 21.5% (2023: 19.1%) and 36.5% (2023: 14.8%) for the Group and the Bank respectively.

	2024		2023	
	Amount \$ million	Allowance \$ million	Amount \$ million	Allowance \$ million
GROUP				
Substandard	154	59	156	76
Doubtful	405	325	289	249
Loss	50	32	91	67
	609	416	536	392
BANK				
Substandard	69	13	43	12
Doubtful	227	163	133	108
Loss	3	#	3	#
	299	176	179	120

Notes to the Financial Statements

For the financial year ended 31 December 2024

28. Allowances for Impaired Loans to Customers

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
At 1 January	1,328	1,308	620	583
Currency translation and other movements	46	(20)	2	(7)
Net write-offs ⁽¹⁾	(499)	(229)	(271)	(138)
Net allowances (Note 10)	403	269	133	182
At 31 December (Note 26)	1,278	1,328	484	620

⁽¹⁾ Comprise mainly bad debts written off for the Group and the Bank of \$569 million and \$299 million (2023: \$298 million and \$177 million) respectively, and bad debts recovered for the Group and Bank of \$70 million and \$28 million (2023: \$54 million and \$41 million) respectively.

Analysed by Industry

	Cumulative allowances for impaired loans		Net allowances for impaired loans charged/(write-back) to income statements	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
GROUP				
Agriculture, mining and quarrying	30	31	3	7
Manufacturing	226	279	(3)	32
Building and construction	563	279	278	200
Housing loans	59	77	7	7
General commerce	133	137	55	6
Transport, storage and communication	81	160	(25)	58
Financial institutions, investment and holding companies	7	90	63	3
Professionals and individuals	48	43	14	(6)
Others	131	232	11	(38)
	1,278	1,328	403	269
BANK				
Agriculture, mining and quarrying	29	28	2	(1)
Manufacturing	9	10	-	(6)
Building and construction	218	135	156	137
Housing loans	#	19	(1)	18
General commerce	9	48	(37)	#
Transport, storage and communication	76	152	(11)	62
Financial institutions, investment and holding companies	-	-	(#)	(#)
Professionals and individuals	21	23	2	13
Others	122	205	22	(41)
	484	620	133	182

29. Debt and Equity Securities

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Debt securities	36,126	30,800	22,386	19,269
Equity securities and investment funds	7,288	5,791	3,926	3,163
Total securities	43,414	36,591	26,312	22,432
Allowances for non-impaired debt securities	(1)	(#)	(1)	(#)
	43,413	36,591	26,311	22,432

Debt Securities Analysis:

29.1 By Credit Ratings

Investment grade (AAA to BBB)	23,870	21,289	16,067	14,023
Non-investment grade (BB to C)	35	85	33	85
Non-rated	12,221	9,426	6,286	5,161
	36,126	30,800	22,386	19,269

29.2 By Credit Quality

Pass	36,126	30,799	22,386	19,269
Special mention	–	1	–	–
Substandard	–	–	–	–
Doubtful	–	–	–	–
Loss	–	–	–	–
	36,126	30,800	22,386	19,269

Debt and Equity Securities Analysis:

29.3 By Industry

Agriculture, mining and quarrying	575	410	274	186
Manufacturing	2,564	1,938	2,088	1,493
Building and construction	3,345	2,710	2,002	1,576
General commerce	753	886	452	415
Transport, storage and communication	2,225	1,712	1,463	1,114
Financial institutions, investment and holding companies	30,417	25,198	17,867	15,322
Others	3,535	3,737	2,166	2,326
	43,414	36,591	26,312	22,432

Notes to the Financial Statements

For the financial year ended 31 December 2024

30. Allowances for Financial Assets

The following tables show reconciliations from the opening to the closing balance of expected credit loss (ECL).

\$ million	Stage 1	Stage 2	Stage 3	Total
GROUP				
At 1 January 2023	1,107	1,119	1,310	3,536
Transfer to Stage 1	647	(632)	(15)	–
Transfer to Stage 2	(529)	595	(66)	–
Transfer to Stage 3	(2)	(62)	64	–
Remeasurement ⁽¹⁾	(597)	765	316	484
New financial assets originated or purchased	1,254	–	–	1,254
Financial assets that have been derecognised	(586)	(448)	–	(1,034)
Changes in models ⁽²⁾	(4)	(4)	–	(8)
Write-offs	–	–	(229)	(229)
Foreign exchange and other movements	(10)	(16)	(50)	(76)
At 31 December 2023/1 January 2024	1,280	1,317	1,330	3,927
Transfer to Stage 1	723	(663)	(60)	–
Transfer to Stage 2	(492)	532	(40)	–
Transfer to Stage 3	(3)	(97)	100	–
Remeasurement ⁽¹⁾	(837)	662	393	218
New financial assets originated or purchased	1,551	–	–	1,551
Financial assets that have been derecognised	(776)	(418)	–	(1,194)
Changes in models ⁽²⁾	1	1	–	2
Write-offs	–	–	(499)	(499)
Foreign exchange and other movements	16	26	56	98
At 31 December 2024	1,463	1,360	1,280	4,103
BANK				
At 1 January 2023	887	526	583	1,996
Transfer to Stage 1	459	(453)	(6)	–
Transfer to Stage 2	(380)	380	–	–
Transfer to Stage 3	(1)	(26)	27	–
Remeasurement ⁽¹⁾	(457)	619	157	319
New financial assets originated or purchased	885	–	–	885
Financial assets that have been derecognised	(372)	(293)	–	(665)
Changes in models ⁽²⁾	(1)	(70)	–	(71)
Write-offs	–	–	(137)	(137)
Foreign exchange and other movements	(4)	(6)	(4)	(14)
At 31 December 2023/1 January 2024	1,016	677	620	2,313
Transfer to Stage 1	419	(368)	(51)	–
Transfer to Stage 2	(314)	314	–	–
Transfer to Stage 3	(2)	(35)	37	–
Remeasurement ⁽¹⁾	(703)	423	145	(135)
New financial assets originated or purchased	1,012	–	–	1,012
Financial assets that have been derecognised	(489)	(217)	–	(706)
Changes in models ⁽²⁾	1	1	–	2
Write-offs	–	–	(271)	(271)
Foreign exchange and other movements	5	15	4	24
At 31 December 2024	945	810	484	2,239

(1) Remeasurement includes the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables, partial repayments, additional drawdowns on existing facilities, changes in the measurement after a transfer between stages 1, 2 and 3, and the unwinding impact of time value of money.

(2) Changes in models include significant changes to the quantitative models used to estimate the impacts of the expected credit losses.

30. Allowances for Financial Assets (continued)

Analysed by Main Class of Financial Instruments

Loans to Customers at Amortised Cost ⁽¹⁾

\$ million	Stage 1	Stage 2	Stage 3	Total
GROUP				
At 1 January 2023	1,093	1,112	1,308	3,513
Transfer to Stage 1	640	(625)	(15)	–
Transfer to Stage 2	(527)	594	(67)	–
Transfer to Stage 3	(2)	(62)	64	–
Remeasurement ⁽²⁾	(587)	755	272	440
New financial assets originated or purchased	1,234	–	–	1,234
Financial assets that have been derecognised	(575)	(446)	–	(1,021)
Changes in models ⁽³⁾	(4)	(4)	–	(8)
Write-offs	–	–	(229)	(229)
Foreign exchange and other movements	(9)	(16)	(5)	(30)
At 31 December 2023/1 January 2024	1,263	1,308	1,328	3,899
Transfer to Stage 1	717	(658)	(59)	–
Transfer to Stage 2	(490)	530	(40)	–
Transfer to Stage 3	(3)	(97)	100	–
Remeasurement ⁽²⁾	(820)	655	392	227
New financial assets originated or purchased	1,520	–	–	1,520
Financial assets that have been derecognised	(761)	(415)	–	(1,176)
Changes in models ⁽³⁾	1	1	–	2
Write-offs	–	–	(499)	(499)
Foreign exchange and other movements	15	26	56	97
At 31 December 2024	1,442	1,350	1,278	4,070
BANK				
At 1 January 2023	878	521	583	1,982
Transfer to Stage 1	455	(449)	(6)	–
Transfer to Stage 2	(378)	378	–	–
Transfer to Stage 3	(1)	(26)	27	–
Remeasurement ⁽²⁾	(449)	612	157	320
New financial assets originated or purchased	869	–	–	869
Financial assets that have been derecognised	(364)	(291)	–	(655)
Changes in models ⁽³⁾	(1)	(70)	–	(71)
Write-offs	–	–	(137)	(137)
Foreign exchange and other movements	(5)	(6)	(4)	(15)
At 31 December 2023/1 January 2024	1,004	669	620	2,293
Transfer to Stage 1	415	(364)	(51)	–
Transfer to Stage 2	(312)	312	–	–
Transfer to Stage 3	(2)	(35)	37	–
Remeasurement ⁽²⁾	(688)	417	145	(126)
New financial assets originated or purchased	988	–	–	988
Financial assets that have been derecognised	(480)	(214)	–	(694)
Changes in models ⁽³⁾	1	1	–	2
Write-offs	–	–	(271)	(271)
Foreign exchange and other movements	5	15	4	24
At 31 December 2024	931	801	484	2,216

⁽¹⁾ Includes ECL on contingent liabilities and other credit commitments.

⁽²⁾ Remeasurement includes the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables, partial repayments, additional drawdowns on existing facilities, changes in the measurement after a transfer between stages 1, 2 and 3, and the unwinding impact of time value of money.

⁽³⁾ Changes in models include significant changes to the quantitative models used to estimate the impacts of the expected credit losses.

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30. Allowances for Financial Assets (continued)

The following tables set out information about the credit quality of financial assets.

\$ million	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
GROUP								
Cash and placements with central banks (Note 23)								
Pass	33,845	39	–	33,884	33,592	50	–	33,642
Loss allowances	(#)	(4)	–	(4)	(#)	(4)	–	(4)
Carrying amount	33,845	35	–	33,880	33,592	46	–	33,638
Government treasury bills and securities – Amortised cost (Note 39)								
Pass/Carrying amount	10,095	322	–	10,417	7,246	549	–	7,795
Government treasury bills and securities – FVOCI⁽¹⁾ (Note 39)								
Pass	28,982	366	–	29,348	31,816	917	–	32,733
Loss allowances	(1)	(#)	–	(1)	(#)	(#)	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	20,185	328	–	20,513	17,328	1,517	–	18,845
Loss allowances	(3)	(#)	–	(3)	(4)	(1)	–	(5)
Carrying amount	20,182	328	–	20,510	17,324	1,516	–	18,840
Placements with and loans to banks – FVOCI⁽¹⁾ (Note 39)								
Pass	19,035	1,444	–	20,479	17,227	163	–	17,390
Loss allowances	(3)	(#)	–	(3)	(2)	(#)	–	(2)
Loans to customers – Amortised cost (Note 39)								
Pass	279,466	31,813	–	311,279	255,404	35,263	–	290,667
Special mention	–	5,060	–	5,060	–	3,170	–	3,170
Substandard	–	–	632	632	–	–	928	928
Doubtful	–	–	1,678	1,678	–	–	1,342	1,342
Loss	–	–	517	517	–	–	535	535
	279,466	36,873	2,827	319,166	255,404	38,433	2,805	296,642
Loss allowances	(972)	(1,130)	(1,267)	(3,369)	(967)	(999)	(1,270)	(3,236)
Carrying amount	278,494	35,743	1,560	315,797	254,437	37,434	1,535	293,406
Loans to customers – FVOCI⁽¹⁾ (Note 39)								
Pass	–	–	–	–	#	–	–	#
Loss allowances	–	–	–	–	(#)	–	–	(#)
Debt securities – Amortised cost (Note 39)								
Pass	640	134	–	774	822	–	–	822
Loss allowances	(#)	(1)	–	(1)	(#)	–	–	(#)
Carrying amount	640	133	–	773	822	–	–	822
Debt securities – FVOCI⁽¹⁾ (Note 39)								
Pass	27,883	1,224	–	29,107	24,569	780	–	25,349
Special mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	–	–	–	–
Doubtful	–	–	–	–	–	–	2	2
	27,883	1,224	–	29,107	24,569	780	2	25,351
Loss allowances	(14)	(5)	(2)	(21)	(11)	(4)	(2)	(17)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loan commitments and contingent liabilities								
Pass	168,530	9,991	–	178,521	142,115	11,371	9	153,495
Special mention	–	726	–	726	–	1,387	–	1,387
Substandard	–	–	560	560	–	–	556	556
Doubtful	–	–	495	495	–	–	453	453
Loss	–	–	274	274	–	–	193	193
	168,530	10,717	1,329	180,576	142,115	12,758	1,211	156,084
Allowances for contingent liabilities and credit commitments (Note 39)	(470)	(220)	(11)	(701)	(296)	(309)	(58)	(663)

(1) In accordance with SFRS(I) 9, for financial asset measured at FVOCI, any impairment is recognised in the income statement together with a credit to fair value reserves within equity (without adjusting the carrying amount of the financial asset).

30. Allowances for Financial Assets (continued)

\$ million	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
BANK								
Cash and placements with central banks (Note 23)								
Pass	30,083	39	–	30,122	28,057	50	–	28,107
Loss allowances	(#)	(4)	–	(4)	(#)	(4)	–	(4)
Carrying amount	30,083	35	–	30,118	28,057	46	–	28,103
Government treasury bills and securities – Amortised cost (Note 39)								
Pass/Carrying amount	8,383	322	–	8,705	6,185	457	–	6,642
Government treasury bills and securities – FVOCI⁽¹⁾ (Note 39)								
Pass	11,748	366	–	12,114	18,299	443	–	18,742
Loss allowances	(#)	(#)	–	(#)	(#)	(#)	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	15,485	277	–	15,762	12,502	1,502	–	14,004
Loss allowances	(2)	(#)	–	(2)	(3)	(#)	–	(3)
Carrying amount	15,483	277	–	15,760	12,499	1,502	–	14,001
Placements with and loans to banks – FVOCI⁽¹⁾ (Note 39)								
Pass	13,552	1,444	–	14,996	12,820	131	–	12,951
Loss allowances	(1)	(#)	–	(1)	(3)	(#)	–	(3)
Loans to customers – Amortised cost (Note 39)								
Pass	203,755	22,398	–	226,153	184,107	22,543	–	206,650
Special mention	–	2,841	–	2,841	–	1,932	–	1,932
Substandard	–	–	147	147	–	–	446	446
Doubtful	–	–	556	556	–	–	665	665
Loss	–	–	117	117	–	–	98	98
	203,755	25,239	820	229,814	184,107	24,475	1,209	209,791
Loss allowances	(648)	(640)	(484)	(1,772)	(802)	(502)	(575)	(1,879)
Carrying amount	203,107	24,599	336	228,042	183,305	23,973	634	207,912
Debt securities – Amortised cost (Note 39)								
Pass	640	134	–	774	822	–	–	822
Loss allowances	(#)	(1)	–	(1)	(#)	–	–	(#)
Carrying amount	640	133	–	773	822	–	–	822
Debt securities – FVOCI⁽¹⁾ (Note 39)								
Pass	15,693	946	–	16,639	13,968	562	–	14,530
Loss allowances	(11)	(4)	–	(15)	(6)	(4)	–	(10)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loan commitments and contingent liabilities								
Pass	115,534	6,968	–	122,502	110,747	6,812	9	117,568
Special mention	–	515	–	515	–	487	–	487
Substandard	–	–	522	522	–	–	526	526
Doubtful	–	–	351	351	–	–	416	416
Loss	–	–	149	149	–	–	155	155
	115,534	7,483	1,022	124,039	110,747	7,299	1,106	119,152
Allowances for contingent liabilities and credit commitments (Note 39)	(283)	(161)	(#)	(444)	(202)	(167)	(45)	(414)

⁽¹⁾ In accordance with SFRS(I) 9, for financial asset measured at FVOCI, any impairment is recognised in the income statement together with a credit to fair value reserves within equity (without adjusting the carrying amount of the financial asset).

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31. Other Assets

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Interest receivable	2,254	2,215	1,718	1,679
Sundry debtors (net)	1,092	1,150	142	133
Deposits and prepayments	2,031	1,543	1,357	1,036
Others	2,384	2,370	567	615
	7,761	7,278	3,784	3,463

At 31 December 2024, non-life reinsurance assets included in "Others" amounted to \$279 million (2023: \$356 million) for the Group.

32. Associates

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Quoted equity security, at cost	2,601	2,601	2,168	2,163
Unquoted equity securities, at cost	94	143	65	65
	2,695	2,744	2,233	2,228
Share of post-acquisition reserves	5,389	4,151	–	–
Unquoted equity security, at fair value	68	95	–	–
Net carrying amount	8,152	6,990	2,233	2,228
Amounts due from associates (unsecured)	1	13	1	13
Allowances for non-impaired amounts due from associates	(#)	(#)	(#)	(#)
	1	13	1	13
Investments in and amounts due from associates	8,153	7,003	2,234	2,241

32. Associates (continued)

32.1 List of Principal Associates

The Group's principal associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	Nature of the relationship with the Group	Effective % interest held ⁽³⁾	
			2024	2023
Quoted				
Bank of Ningbo Co., Ltd. ⁽¹⁾	People's Republic of China	A commercial bank, which enables the Group to expand its bilateral business in offshore financing, trade finance and private banking.	20	20
Unquoted				
Maxwealth Fund Management Company Limited ⁽¹⁾	People's Republic of China	A privately held asset manager that manufactures and distributes mutual funds in Greater China.	29	29
Network for Electronic Transfers (Singapore) Pte Ltd ⁽²⁾	Singapore	An electronic payment services company, which enables the Group to extend funds transfer services to its broad customer base.	33	33

⁽¹⁾ Audited by Ernst and Young Hua Ming LLP.

⁽²⁾ Audited by PricewaterhouseCoopers LLP.

⁽³⁾ Rounded to the nearest percentage.

As at 31 December 2024, the fair value (Level 1 of the fair value hierarchy) of the investments in Bank of Ningbo was \$5.99 billion (2023: \$4.94 billion). The carrying amount of the Group's interests was \$7.78 billion (2023: \$6.56 billion).

Bank of Ningbo is listed on the Shenzhen Stock Exchange and its ability to transfer funds to the Group is subject to local listing and statutory regulations.

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For the financial year ended 31 December 2024

32. Associates (continued)

32.2 Financial Information of Material Associate

The table below provides the financial information of the Group's material associate:

\$ million	Bank of Ningbo Co., Ltd.	
	2024	2023
Selected income statement information		
Revenue	12,358	11,649
Net profit attributable to ordinary shareholders	5,049	4,842
Selected balance sheet information		
Total assets	575,420	503,946
Equity attributable to shareholders	43,662	37,587
Equity attributable to ordinary shareholders	38,831	32,789
Reconciliation of associate's total ordinary shareholders' equity to the carrying amount in the Group's financial statements		
Group's interests in net assets of investee at beginning of the year	6,563	5,890
Group's share of:		
– shareholders' equity in current year	1,356	795
Dividends	(147)	(122)
Carrying amount of interest in investee at end of the year	7,772	6,563
Dividends received during the year	147	122

32. Associates (continued)

32.2 Financial Information of Material Associate (continued)

In addition to the interests in associate disclosed above, the Group also has interests in individually immaterial associates that are accounted for using the equity method.

\$ million	2024	2023
At 31 December:		
Aggregate carrying amount of individually immaterial associates	312	332
For the year ended:		
Aggregate amounts of the Group's share of:		
Net profit from continuing operations	25	19
Other comprehensive income	#	(6)
Total comprehensive income	25	13
Dividends received/receivable during the year	12	13

The Group's share of contingent liabilities in respect of all its associates is as follows:

\$ million	2024	2023
At 31 December:		
Share of contingent liabilities incurred jointly with other investors of associates	19,287	16,766

33. Subsidiaries

	BANK	
	2024 \$ million	2023 \$ million
Investments in subsidiaries, at cost		
Quoted securities	2,654	2,014
Unquoted securities	14,885	13,013
Allowance for impairment	(47)	(45)
Net carrying amount	17,492	14,982
Amount due from subsidiaries		
Term to maturity of one year or less	11,679	5,167
Term to maturity of more than one year	6,300	7,552
	17,979	12,719
Investments in and amount due from subsidiaries	35,471	27,701

At 31 December 2024, the fair values of the Group's interests in the quoted securities in its subsidiaries, Great Eastern Holdings Limited (Level 2 of the fair value hierarchy) and PT Bank OCBC NISP Tbk, (Level 1 of the fair value hierarchy) were \$11.4 billion (2023: \$7.37 billion) and \$2.16 billion (2023: \$1.97 billion) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2024

33. Subsidiaries (continued)

33.1 List of Principal Subsidiaries

Principal subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of ownership interests and voting rights held by the Group (%)		Proportion of ownership interests and voting rights held by non-controlling interests (%)	
		2024 ⁽¹⁾	2023 ⁽¹⁾	2024 ⁽¹⁾	2023 ⁽¹⁾
Banking					
OCBC Bank (Macau) Limited	Macau SAR	100	100	–	–
Bank of Singapore Limited	Singapore	100	100	–	–
OCBC Al-Amin Bank Berhad	Malaysia	100	100	–	–
OCBC Bank (Malaysia) Berhad	Malaysia	100	100	–	–
OCBC Bank Limited	People's Republic of China	100	100	–	–
OCBC Bank (Hong Kong) Limited	Hong Kong SAR	100	100	–	–
PT Bank OCBC NISP Tbk	Indonesia	85	85	15	15
Insurance					
Great Eastern General Insurance Limited	Singapore	94	88	6	12
Great Eastern General Insurance (Malaysia) Berhad	Malaysia	94	88	6	12
Great Eastern Life Assurance (Malaysia) Berhad	Malaysia	94	88	6	12
The Great Eastern Life Assurance Company Limited	Singapore	94	88	6	12
Asset management and investment holding					
Lion Global Investors Limited	Singapore	96	92	4	8
Great Eastern Holdings Limited	Singapore	94	88	6	12
Stockbroking					
OCBC Securities Private Limited	Singapore	100	100	–	–

⁽¹⁾ Rounded to the nearest percentage.

The principal subsidiaries listed above are audited by PricewaterhouseCoopers LLP Singapore and its associated firms.

The Group's subsidiaries do not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from their respective local statutory, regulatory, supervisory and banking requirements within which its subsidiaries operate. These requirements require the Group's subsidiaries to maintain minimum levels of regulatory capital, liquid assets, and exposure limits. In addition, Great Eastern Holdings Limited and other insurance subsidiaries are subject to their respective local insurance laws and regulations, while the Group's banking subsidiaries are subject to prudential regulatory requirements imposed by local regulators.

33. Subsidiaries (continued)

33.2 Non-Controlling Interests in Subsidiaries

The following table summarises the financial information, before intercompany eliminations, relating to principal subsidiaries with material NCI.

\$ million	PT Bank OCBC NISP Tbk		Great Eastern Holdings Limited	
	2024	2023	2024	2023
Net assets attributable to NCI	487	452	597	968
Total comprehensive income attributable to NCI	56	51	104	95
Dividends paid to NCI during the year	21	18	33	51
Summarised financial information				
Total assets	23,131	20,953	113,909	109,034
Total liabilities	(19,868)	(17,924)	(105,125)	(101,045)
Total net assets	3,263	3,029	8,784	7,989
Revenue	1,069	1,001	1,432	1,202
Profit	411	344	1,023	789
Other comprehensive income	(38)	26	208	360
Total comprehensive income	373	370	1,231	1,149
Cash flows provided by/(used in) operating activities	3,117	68	(2,487)	(1,023)
Cash flows provided by/(used in) investing activities	(2,320)	(111)	521	(1,833)
Cash flows provided by/(used in) financing activities	(139)	(286)	63	(449)
Effect of currency translation reserve adjustment	22	(3)	–	–
Net changes in cash and cash equivalents	680	(332)	(1,904)	(3,305)

33.3 Consolidated Structured Entities

The Bank has a USD10 billion Global Covered Bond Programme (the Programme) to augment its funding programmes. Under the Programme, the Bank may from time to time issue covered bonds (the Covered Bonds). The payments of interest and principal under the Covered Bonds are guaranteed by the Covered Bond Guarantor, Red Sail Pte. Ltd. (the CBG). The Covered Bonds issued under the Programme will predominantly be backed by a portfolio of Singapore housing loans transferred from the Bank to the CBG. Integral to the Programme structure, the Bank provides funding and hedging facilities to the CBG.

33.4 Interests in Subsidiaries

(a) Great Eastern Holdings Limited – Voluntary Unconditional General Offer

On 10 May 2024, the Bank announced a voluntary unconditional general offer at a price of \$25.60 per share to acquire the remaining 11.56% stake in Great Eastern Holdings Limited (GEH). At the close of the offer on 12 July 2024, the Bank held 93.32% of GEH.

Pursuant to Section 215(3) of the Companies Act 1967, shareholders of GEH who have not accepted the Bank's offer had the right to require the Bank to acquire their shares at the offer price by 23 October 2024. As at 23 October 2024 and 31 December 2024, the Bank held 93.72% of GEH.

(b) PT Bank Commonwealth Indonesia

OCBC's Indonesian subsidiary, PT Bank OCBC NISP Tbk (OCBC Indonesia), completed the acquisition of PT Bank Commonwealth Indonesia (PTBC) on 1 May 2024. OCBC Indonesia now owns 100% of PTBC's shares, making PTBC a wholly-owned subsidiary of OCBC Indonesia. The acquisition of PTBC did not have a material impact to the Group.

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34. Property, Plant and Equipment

GROUP (\$ million)	2024				2023			
	Property-related	Computer-related ⁽¹⁾	Others	Total	Property-related	Computer-related ⁽¹⁾	Others	Total
Cost								
At 1 January	3,700	3,615	694	8,009	3,715	3,293	687	7,695
Currency translation	63	45	13	121	(49)	(43)	(12)	(104)
Additions/modifications	96	528	63	687	102	461	53	616
Disposals/terminations and other transfers	(82)	(56)	(11)	(149)	(68)	(96)	(34)	(198)
Net transfer from/(to):								
Assets held for sale	–	–	–	–	–	–	(#)	(#)
Investment property (Note 35)	39	–	–	39	–	–	–	–
At 31 December	3,816	4,132	759	8,707	3,700	3,615	694	8,009
Accumulated depreciation								
At 1 January	(1,320)	(2,521)	(516)	(4,357)	(1,234)	(2,350)	(518)	(4,102)
Currency translation	(22)	(36)	(10)	(68)	16	36	10	62
Disposals/terminations and other transfers	72	61	20	153	51	98	35	184
Depreciation expense	(107)	(299)	(36)	(442)	(129)	(257)	(35)	(421)
Depreciation expense of life insurance funds	(22)	(48)	(9)	(79)	(24)	(48)	(8)	(80)
Net transfer (from)/to:								
Assets held for sale	–	–	–	–	–	–	#	#
Investment property (Note 35)	(13)	–	–	(13)	–	–	–	–
At 31 December	(1,412)	(2,843)	(551)	(4,806)	(1,320)	(2,521)	(516)	(4,357)
Accumulated impairment losses								
At 1 January	(123)	(#)	(1)	(124)	(109)	(#)	(1)	(110)
Currency translation	(4)	–	–	(4)	2	–	#	2
Impairment loss charged to income statement	(51)	–	–	(51)	(16)	–	–	(16)
Net transfer (from)/to:								
Investment property (Note 35)	3	–	–	3	–	–	–	–
At 31 December	(175)	(#)	(1)	(176)	(123)	(#)	(1)	(124)
Net carrying amount, at 31 December⁽²⁾	2,229	1,289	207	3,725	2,257	1,094	177	3,528
Freehold property	420				347			
Leasehold property	1,588				1,702			
Net carrying amount	2,008				2,049			

(1) Includes computer software of \$976 million (2023: \$819 million). The cost and accumulated depreciation are \$2,986 million (2023: \$2,586 million) and \$2,010 million (2023: \$1,767 million) respectively.

(2) Includes ROU assets comprising property-related of \$221 million (2023: \$208 million), computer-related of \$8 million (2023: \$10 million) and others of \$1 million (2023: \$1 million).

34. Property, Plant and Equipment (continued)

BANK (\$ million)	2024				2023			
	Property-related	Computer-related ⁽¹⁾	Others	Total	Property-related	Computer-related ⁽¹⁾	Others	Total
Cost								
At 1 January	399	1,993	212	2,604	407	1,817	214	2,438
Currency translation	(#)	(#)	(#)	(#)	(#)	(#)	(#)	(#)
Additions	13	306	12	331	21	247	15	283
Disposals/terminations and other transfers	(154)	(28)	(12)	(194)	(29)	(71)	(17)	(117)
At 31 December	258	2,271	212	2,741	399	1,993	212	2,604
Accumulated depreciation								
At 1 January	(169)	(1,409)	(144)	(1,722)	(160)	(1,316)	(144)	(1,620)
Currency translation	#	#	#	#	#	#	#	#
Disposals/terminations and other transfers	86	31	9	126	28	71	17	116
Depreciation expense	(29)	(183)	(18)	(230)	(37)	(164)	(17)	(218)
At 31 December	(112)	(1,561)	(153)	(1,826)	(169)	(1,409)	(144)	(1,722)
Accumulated impairment losses								
At 1 January	-	-	-	-	-	-	-	-
Currency translation	(#)	-	-	(#)	-	-	-	-
Impairment loss charged to income statement	(1)	-	-	(1)	-	-	-	-
At 31 December	(1)	-	-	(1)	-	-	-	-
Net carrying amount, at 31 December⁽²⁾	145	710	59	914	230	584	68	882
Freehold property	24				30			
Leasehold property	79				148			
Net carrying amount	103				178			

⁽¹⁾ Includes computer software of \$618 million (2023: \$508 million). The cost and accumulated depreciation are \$1,873 million (2023: \$1,622 million) and \$1,255 million (2023: \$1,114 million) respectively.

⁽²⁾ Includes ROU assets comprising property-related of \$42 million (2023: \$51 million), computer-related of \$6 million (2023: \$8 million) and others of \$1 million (2023: \$1 million).

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35. Investment Property

\$ million	GROUP		BANK	
	2024	2023	2024	2023
Cost				
At 1 January	989	1,018	617	622
Currency translation	2	(4)	–	–
Additions	1	#	–	–
Disposals and other transfers	(1)	(23)	(535)	(3)
Net transfer (to)/from:				
Property, plant and equipment (Note 34)	(39)	–	–	–
Assets held for sale	(9)	(2)	(2)	(2)
At 31 December	943	989	80	617
Accumulated depreciation				
At 1 January	(266)	(255)	(148)	(142)
Currency translation	(1)	1	–	–
Disposals and other transfers	1	6	124	2
Depreciation expense	(14)	(19)	(1)	(9)
Net transfer to/(from):				
Property, plant and equipment (Note 34)	13	#	–	–
Assets held for sale	4	1	2	1
At 31 December	(263)	(266)	(23)	(148)
Accumulated impairment losses				
At 1 January	–	–	–	–
Currency translation	(1)	#	–	–
Impairment charge to income statement	(1)	(6)	–	–
Disposals	–	6	–	–
Net transfer to/(from):				
Property, plant and equipment (Note 34)	(3)	–	–	–
At 31 December	(5)	–	–	–
Net carrying amount				
Freehold property	537	521	17	162
Leasehold property	138	202	40	307
At 31 December	675	723	57	469
Fair value hierarchy				
Level 2	717	917	333	333
Level 3	1,990	1,830	74	1,106
Market value	2,707	2,747	407	1,439

Market values for properties under Level 2 of the fair value hierarchy are determined based on the direct market comparison method. Such valuation is derived from price per square metre for comparable buildings market data with insignificant valuation adjustment, if necessary.

Market values for properties under Level 3 of the fair value hierarchy are determined using a combination of direct market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

36. Goodwill and Other Intangible Assets

\$ million	GROUP		BANK	
	2024	2023	2024	2023
Goodwill				
At 1 January	4,403	4,440	1,867	1,867
Currency translation	62	(37)	–	–
At 31 December	4,465	4,403	1,867	1,867
Intangible assets				
At 1 January	98	203		
Amortisation charged to income statement:				
– Core deposit relationships ⁽¹⁾	(21)	(41)		
– Customer relationships ⁽²⁾	(15)	(15)		
– Distribution platform	(#)	(#)		
– Life insurance business ⁽³⁾	(23)	(47)		
Currency translation	#	(2)		
At 31 December	39	98		
Total goodwill and other intangible assets	4,504	4,501	1,867	1,867
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	4,465	4,403	1,867	1,867
Intangible assets, at cost	1,577	1,555	–	–
Accumulated amortisation for intangible assets	(1,538)	(1,457)	–	–
	4,504	4,501	1,867	1,867

(1) Core deposit relationships, arising from the acquisition of OCBC Bank (Hong Kong) Limited, are determined to have an estimated useful life of 10 years. At 31 December 2024, these have a remaining useful life of 0 year (2023: 0.5 years).

(2) Customer relationships, arising from the acquisition of Bank of Singapore Limited and Barclays WIM, are determined to have an estimated useful life of 10 years. At 31 December 2024, these have a remaining useful life of up to 2 years (2023: 3 years).

(3) The value of in-force insurance business of the Group is amortised over a useful life of 20 years. At 31 December 2024, the intangible asset has a remaining useful life of 0 year (2023: 1 year).

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36. Goodwill and Other Intangible Assets (continued)

Impairment Tests for Goodwill

For impairment testing, goodwill is allocated to the Group's cash-generating units (CGU) identified at a level at or below business segments as follows:

\$ million	Basis of determining recoverable value	Carrying amount	
		2024	2023
Cash Generating Units			
Goodwill attributed to Banking CGU			
Global Consumer Financial Services		844	844
Global Wholesale Banking		570	570
Global Markets		524	524
	Value-in-use	1,938	1,938
Great Eastern Holdings Limited	Appraisal value	427	427
Bank of Singapore Limited	Value-in-use	819	794
Lion Global Investors Limited	Value-in-use	30	30
OCBC Bank (Hong Kong) Limited	Value-in-use	1,085	1,045
PT Bank OCBC NISP Tbk	Value-in-use	156	159
Others	Value-in-use	10	10
		4,465	4,403

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The cash flow projections are discounted at a pre-tax discount rate that includes a reasonable risk premium at the date of assessment of the respective CGU. Cash flows beyond the fifth year are extrapolated using the estimated terminal growth rates (weighted average growth rate to extrapolate cash flows beyond the projected years). The terminal growth rate for each CGU used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which the CGU operates. The discount rates and terminal growth rates used are tabulated below for applicable CGUs.

	Banking CGU		Bank of Singapore Limited		OCBC Bank (Hong Kong) Limited		PT Bank OCBC NISP Tbk	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate	12.7%	10.1%	13.5%	10.8%	9.4%	8.2%	17.6%	17.1%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%	3.0%	2.6%	4.0%	4.0%

For Great Eastern Holdings Limited CGU, the Group applies the appraisal value technique for its value-in-use calculation. This technique is commonly used to determine the economic value of an insurance business, which comprises two components: embedded value of in-force business and existing structural value (value of future sales). The embedded value of the life insurance business is the present value of projected distributable profits (cash flows) of the in-force business. The cash flows represent a deterministic approach based on assumptions as to future operating experience discounted at a risk adjusted rate of 6.75% (2023: 6.25%) and 8.25% (2023: 8.00%) for Singapore and Malaysia respectively. The assumptions take into account the recent experience of, and expected future outlook for the life insurance business of the CGU. Investment returns assumed are based on long term strategic asset mix and their expected future returns. The existing structural value is the value of projected distributable profits from new businesses, which is calculated based on new businesses sold for the nine months ended up to 30 September and applying a new business multiplier to the value of future sales.

A reasonably possible change in key assumptions will not cause the recoverable amount to decline materially below the carrying amount.

37. Segment Information

The Group provides operating segment information primarily to business and additional segment information by geography.

37.1 Business Segments

\$ million	Global Consumer/ Private Banking	Global Wholesale Banking	Global Markets	Insurance	Others	Group
Year ended 31 December 2024						
Net interest income	3,296	5,067	507	173	712	9,755
Non-interest income	2,000	993	408	1,253	64	4,718
Total income	5,296	6,060	915	1,426	776	14,473
Operating profit before allowances and amortisation	2,279	4,254	565	1,216	417	8,731
Amortisation of intangible assets	(15)	–	–	(24)	(20)	(59)
Allowances for loans and other assets	(73)	(800)	(8)	(2)	193	(690)
Operating profit after allowances and amortisation	2,191	3,454	557	1,190	590	7,982
Share of results of associates, net of tax	–	–	–	–	994	994
Profit before income tax	2,191	3,454	557	1,190	1,584	8,976
Other information:						
Capital expenditure	86	17	1	114	470	688
Depreciation	100	14	3	7	332	456
At 31 December 2024						
Segment assets	148,641	212,247	138,266	114,296	55,468	668,918
Unallocated assets						538
Elimination						(44,406)
Total assets						625,050
Segment liabilities	207,303	166,305	81,446	104,402	47,900	607,356
Unallocated liabilities						1,720
Elimination						(44,406)
Total liabilities						564,670
Other information:						
Gross non-bank loans	108,115	207,524	2,476	323	728	319,166
NPAs	572	2,272	–	1	24	2,869

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37. Segment Information (continued)

37.1 Business Segments (continued)

\$ million	Global Consumer/ Private Banking	Global Wholesale Banking	Global Markets	Insurance	Others	Group
Year ended 31 December 2023						
Net interest income	3,493	5,227	110	145	670	9,645
Non-interest income	1,620	940	242	981	79	3,862
Total income	5,113	6,167	352	1,126	749	13,507
Operating profit before allowances and amortisation	2,280	4,444	35	954	571	8,284
Amortisation of intangible assets	(15)	–	–	(47)	(41)	(103)
Allowances for loans and other assets	(50)	(599)	(3)	(16)	(65)	(733)
Operating profit after allowances and amortisation	2,215	3,845	32	891	465	7,448
Share of results of associates, net of tax	–	–	–	–	953	953
Profit before income tax	2,215	3,845	32	891	1,418	8,401
Other information:						
Capital expenditure	120	11	1	93	391	616
Depreciation	88	12	2	8	330	440
At 31 December 2023						
Segment assets	137,219	195,894	123,462	109,484	46,022	612,081
Unallocated assets						586
Elimination						(31,243)
Total assets						581,424
Segment liabilities	187,507	154,449	78,379	100,629	34,476	555,440
Unallocated liabilities						1,673
Elimination						(31,243)
Total liabilities						525,870
Other information:						
Gross non-bank loans	102,799	191,933	1,759	4	158	296,653
NPAs	740	2,159	–	2	–	2,901

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Wholesale Banking, Global Markets and Insurance.

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Global Wholesale Banking

Global Wholesale Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The business provides a full range of financing solutions including long-term project financing, short-term credit, working capital and trade financing, as well as customised and structured equity-linked financing. It also provides customers with a broad range of products and services such as cash management and custodian services, capital market solutions, corporate finance services and advisory banking, and treasury products.

37. Segment Information (continued)

37.1 Business Segments (continued)

Global Markets

Global Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers in Global Consumer/Private Banking and Global Wholesale Banking, is reflected in the respective business segments.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by the Bank's subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

The business segment information is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The following management reporting methodologies are adopted:

- (a) income and expenses are attributable to each segment based on the internal management reporting policies;
- (b) in determining the segment results, balance sheet items are internally transfer priced; and
- (c) transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is reclassified to allow comparability. There are no material items of income or expense between the business segments.

37.2 Geographical Segments

\$ million	Total income	Profit before income tax	Income tax expenses	Capital expenditure	Total assets	Total liabilities
2024						
Singapore	8,913	5,489	690	470	362,744	360,717
Malaysia	1,655	1,139	225	73	68,066	55,505
Indonesia	1,085	527	114	42	24,657	20,986
Greater China	1,863	1,277	36	98	103,540	75,355
Other Asia Pacific	309	149	43	4	22,945	12,846
Rest of the World	648	395	120	1	43,098	39,261
	14,473	8,976	1,228	688	625,050	564,670
2023						
Singapore	8,360	4,872	665	408	343,009	341,019
Malaysia	1,524	1,009	208	64	60,369	50,573
Indonesia	1,035	458	93	41	22,231	18,915
Greater China	1,774	1,756	174	97	95,364	64,976
Other Asia Pacific	294	218	69	4	22,461	12,331
Rest of the World	520	88	27	2	37,990	38,056
	13,507	8,401	1,236	616	581,424	525,870

The Group's operations are in six main geographical areas. The geographical information is prepared based on the country in which the transactions are booked. It would not be materially different if it is based on the country in which the counterparty or assets are located. The geographical information is stated after elimination of intra-group transactions and balances.

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For the financial year ended 31 December 2024

38. Risk Management

38.1 Overview

The Group⁽¹⁾ has a comprehensive and disciplined risk management approach that covers all types of risks, supported by a strong corporate culture that prioritises accountability, ownership and high ethical standards. The approach involves understanding the sources of risks and their drivers, establishing risk appetites and tolerances to take such risks against business goals and potential impact under adverse circumstances, comprehensive metrics to measure and monitor risk positions on a standalone and aggregated basis, early problem identification and mitigation, reporting and adjustments to risk strategies against cyclical and structural changes.

A robust risk governance structure ensures that we have effective oversight and accountability of risk. Our Board of Directors (Board) have ultimate responsibility for the effective management of risk. The Board establishes the corporate strategy and approves the risk appetite within which senior management executes the strategy.

The Board Risk Management Committee (BRMC) is the designated board committee that oversees risk management matters. It ensures that the Group's overall risk management philosophy and principles and risk appetite are aligned with the corporate strategy. The BRMC has oversight of credit, market, liquidity, information security and digital, operational, conduct, money laundering and terrorism financing, fraud, legal, regulatory, strategic, Environmental, Social and Governance (ESG) and fiduciary risks, as well as any other category of risk that may be delegated by the Board or deemed necessary by the Committee. The BRMC provides quantitative and qualitative guidance to major business units and risk functions to guide risk-taking. BRMC and senior management regularly review our risk drivers, risk profiles, risk management frameworks and policies, and compliance matters.

Dedicated functional risk committees comprising senior management from risk taking and risk control functions have been established to facilitate close risk oversight. These committees are supported by the functional risk management units under the Group Risk Management Division (GRM). GRM is headed by the Group Chief Risk Officer (CRO). The Group CRO is a member of the Group Management Executive Committee and functional risk committees. GRM's day-to-day responsibilities involve providing independent risk control and managing credit, market, liquidity, information security and digital, operational and ESG risks. It provides regular risk reports and updates on developments in material risk drivers and potential vulnerabilities, and recommends mitigating actions to senior management, risk committees, the BRMC and the Board. At the Group level, GRM also provides functional oversight to the banking subsidiaries and GEH Group.

The table below shows the value-at-risk (VaR) by risk type for the Group's trading portfolio.

\$ million	2024				2023			
	End of the period	Average	Minimum	Maximum	End of the period	Average	Minimum	Maximum
Interest rate VaR	6.3	6.9	4.4	10.8	4.2	7.6	4.2	12.6
Foreign exchange VaR	2.8	2.3	0.8	8.0	2.5	3.1	1.1	9.3
Equity VaR	3.6	2.5	0.8	4.3	1.0	1.9	0.8	3.0
Credit spread VaR	2.0	2.8	1.7	4.6	2.2	5.7	1.9	12.0
Commodity VaR	–	0.4	–	1.7	–	–	–	0.2
Diversification effect ⁽²⁾	(9.5)	(8.6)	NM ⁽³⁾	NM ⁽³⁾	(4.4)	(9.1)	NM ⁽³⁾	NM ⁽³⁾
Aggregate VaR	5.2	6.3	4.1	10.6	5.5	9.2	5.0	16.0

⁽¹⁾ Refer to Note 38.4 for risk management disclosures for GEH Group.

⁽²⁾ Diversification effect is computed as the difference between Aggregate VaR and the sum of asset class VaRs.

⁽³⁾ Not meaningful as the minimum and maximum VaRs may have occurred on different days for different asset classes.

38. Risk Management (continued)

38.2 Credit Risk

Credit risk is the risk of financial loss due to a borrower failing to meet their financial or contractual obligations. Credit risk arises from the Group's lending activities to retail, corporate and institutional customers. It also includes counterparty and issuer credit risks arising from the Group's underwriting, trading and investment banking activities.

Maximum Exposure to Credit Risk

The following table presents the Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

\$ million	Carrying amount	
	2024	2023
Credit risk exposure of on-balance sheet assets:		
Loans to customers	315,096	292,754
Placements with and loans to banks	42,407	38,051
Government treasury bills and securities	44,685	45,630
Debt securities	36,125	30,800
Amounts due from associates	1	13
Derivative receivables	17,203	12,976
Other assets, comprising interest receivables and sundry debtors	3,346	3,365
	458,863	423,589
Credit risk exposure of off-balance sheet items:		
Contingent liabilities	18,796	18,484
Credit commitments	196,442	187,170
	215,238	205,654
Total maximum credit risk exposure	674,101	629,243

Collateral

The main types of collateral obtained by the Group are as follows:

- Residential property loans – Mortgages over residential properties
- Commercial property loans – Mortgages over commercial properties
- Derivatives – Cash and securities
- Car loans – Charges over the vehicles financed
- Share margin financing – Charges over listed securities including those of Singapore, Malaysia and Hong Kong
- Other loans – Securities and charges over business assets such as premises, inventories, trade receivables, deposits, single premium insurance policies or marketable securities

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38. Risk Management (continued)

38.2 Credit Risk (continued)

Analysed by Geography

\$ million	Derivative receivables (Note 18)	Government treasury bills and securities (Note 24)	Balances with banks (Note 25)	Loans to customers (Note 26)	Non-performing assets (Note 27)	Allowances for impaired assets (Note 27)	Debt securities (Note 29)
GROUP							
2024							
Singapore	1,218	14,316	733	133,609	332	119	3,839
Malaysia	339	5,434	6,592	25,636	510	167	2,535
Indonesia	118	7,604	1,287	19,389	489	381	1,448
Greater China	5,164	3,535	16,335	74,495	1,024	293	11,692
Other Asia Pacific	1,438	5,179	3,718	23,761	236	203	10,444
Rest of the World	8,926	8,617	12,431	42,276	278	117	6,168
	17,203	44,685	41,096	319,166	2,869	1,280	36,126

2023							
Singapore	1,014	19,165	224	123,369	403	155	3,577
Malaysia	291	5,060	4,196	23,604	710	258	2,039
Indonesia	75	4,912	831	19,088	532	404	1,220
Greater China	2,352	3,892	14,408	71,301	659	156	9,897
Other Asia Pacific	610	5,374	5,345	22,641	110	42	8,784
Rest of the World	8,634	7,227	10,781	36,650	487	315	5,283
	12,976	45,630	35,785	296,653	2,901	1,330	30,800

BANK							
2024							
Singapore	1,610	13,182	557	127,048	318	116	2,020
Malaysia	93	90	4,142	3,475	20	16	597
Indonesia	53	904	1,042	4,140	32	29	737
Greater China	1,662	525	12,726	36,843	9	8	5,967
Other Asia Pacific	1,380	4,420	3,561	21,408	236	203	8,319
Rest of the World	8,784	5,257	10,148	36,900	223	112	4,746
	13,582	24,378	32,176	229,814	838	484	22,386

2023							
Singapore	1,464	17,832	55	116,342	391	153	1,644
Malaysia	47	146	2,776	2,982	23	17	606
Indonesia	5	673	579	4,853	68	58	764
Greater China	921	800	11,784	34,396	335	122	5,039
Other Asia Pacific	554	5,120	5,032	19,997	109	42	7,058
Rest of the World	8,426	4,065	8,550	31,231	355	228	4,158
	11,417	28,636	28,776	209,801	1,281	620	19,269

The analysis by geography is determined based on where the credit risk resides.

38. Risk Management (continued)

38.2 Credit Risk (continued)

Total Loans and Advances – Credit Quality

In addition to the credit grading of facilities under MAS Notice 612, loans and advances are categorised into “neither past due nor impaired”, “past due but not impaired” and “impaired”.

\$ million	Bank loans		Non-bank loans	
	2024	2023	2024	2023
Neither past due nor impaired	41,096	35,785	315,411	293,063
Non-impaired	–	–	1,483	1,467
Impaired	–	–	1,768	1,459
Past due loans	–	–	3,251	2,926
Impaired but not past due	–	–	504	664
Gross loans	41,096	35,785	319,166	296,653
Allowances				
Impaired loans	–	–	(1,278)	(1,328)
Non-impaired loans	(3)	(5)	(2,792)	(2,571)
Net loans	41,093	35,780	315,096	292,754

Past Due Loans

Analysis of past due loans by industry and geography are as follows:

\$ million	Bank loans		Non-bank loans	
	2024	2023	2024	2023
By industry				
Agriculture, mining and quarrying	–	–	57	47
Manufacturing	–	–	362	415
Building and construction	–	–	940	505
General commerce	–	–	290	300
Transport, storage and communication	–	–	79	179
Financial institutions, investment and holding companies	–	–	231	201
Professionals and individuals (include housing loans)	–	–	1,169	1,196
Others	–	–	123	83
	–	–	3,251	2,926
By geography				
Singapore	–	–	655	751
Malaysia	–	–	507	611
Indonesia	–	–	743	771
Greater China	–	–	967	406
Rest of the World	–	–	379	387
	–	–	3,251	2,926

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38. Risk Management (continued)

38.2 Credit Risk (continued)

Loans Past Due But Not Impaired

Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside. The Group's non-bank loans which are past due but not impaired are as follows:

\$ million	2024	2023
Past due		
Less than 30 days	811	875
30 to 90 days	455	333
Over 90 days	217	259
Past due but not impaired	1,483	1,467

Collateral and Other Credit Enhancements Obtained

Assets amounting to \$140 million (2023: \$145 million) were obtained by the Group during the year by taking possession of collateral held as security, or by calling upon other credit enhancements and held at the reporting date.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not occupy the premises repossessed for its business use.

Country Risk

The Group's country risk framework covers the assessment and rating of countries, as well as the maximum cross-border transfer risk limit granted to any one country based on its risk rating. The risk covers all cross-border transactions including onshore non-local currency transactions. Limits are allocated into maturity time-bands and vary according to the risk rating of the country and the political and economic outlook. The Group's main cross-border transfer risk exposures during the financial year were in Hong Kong SAR, People's Republic of China and Malaysia (2023: Hong Kong SAR, United States and People's Republic of China).

38.3 Market Risk and Asset Liability Management

Market risk is the risk of financial loss due to fluctuations in market factors such as interest rates, foreign exchange rates and commodity prices. Market risks arise primarily from the Group's trading, customer servicing and balance sheet management activities. Given the volatile macroeconomic environment, it is paramount that the management of market risk is robust and timely. This is achieved through the market risk management approach, which involves the identification, measurement, monitoring, reporting and control of market risks.

Group level market risk policies and procedures are established to provide common guidelines and standards for managing market risks. The Group regularly reviews its market risk management strategy and limits, which are established within in accordance with the Group's risk appetite and are aligned with the Group's business strategies, taking into account prevailing macroeconomic and market conditions.

Asset liability management is the strategic management of the Group's balance sheet structure and liquidity requirements. It covers liquidity sourcing and diversification as well as interest rate and structural foreign exchange management.

The Group has an established asset liability management framework that oversees and manages the liquidity, Interest Rate Risk in the Banking Book (IRRBB) and structural foreign exchange risk. Group Asset and Liability Committee (ALCO) provides stewardship, and regularly reviews the Group's ALM risk profiles to ensure the management approach is in line with our business strategies and risk appetite, taking into account prevailing macroeconomic and market developments.

Interest Rate Risk

IRRBB is the risk of potential loss of capital or reduction in earnings from adverse interest rate movements that affect the banking book positions. It arises from repricing mismatches between banking book assets and liabilities in terms of timing, reference interest rate indices and optionalities.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Interest Rate Risk (continued)

IRRBB is assessed from the perspective of both earnings and capital. Net interest income (NII) sensitivity estimates the potential change in earnings over a one-year horizon, and Economic Value of Equity (EVE) sensitivity evaluates the potential impact on the net present value of banking book positions under various interest rate shock scenarios.

As at December 2024, the Group's EVE had the maximum simulated reduction of \$1,016 million (2023: \$795 million) under the supervisory prescribed Parallel Up⁽¹⁾ interest rate scenario. The higher EVE sensitivity was mainly driven by the increase in fixed-rate loans and bond holdings which would have a lower economic value under a rising interest rate environment.

For the Group's NII, the scenario with the more adverse impact on net interest income was the Parallel Down⁽¹⁾ scenario, with a simulated decrease by \$1,896 million (2023: \$1,907 million). Compared to December 2023, the lower impact was contributed by the increase in fixed-rate loans and bond holdings which provide a stable interest income under a falling interest rate environment.

The NII and EVE impact above do not consider the mitigation actions that would be taken by the Group against the adverse interest rate environment.

Currency Risk

The Group's major foreign exchange position for selected balance sheet items is shown below. "Others" include mainly Indonesian Rupiah, Chinese Renminbi, Australian Dollar, Euro, Japanese Yen and Sterling Pound.

\$ million	SGD	USD	MYR	HKD	Others	Total
Selected balance sheet items						
2024						
Loans to customers	117,449	67,757	18,383	34,497	77,010	315,096
Deposits of non-bank customers	144,455	135,090	21,064	37,331	52,747	390,687
2023						
Loans to customers	111,033	58,709	17,141	37,373	68,498	292,754
Deposits of non-bank customers	137,641	121,018	20,502	30,061	54,548	363,770

Structural Foreign Exchange Risk

Structural foreign exchange exposure arises from the Group's non-SGD investments in overseas branches, subsidiaries and associates, other strategic investments and property assets. The Group implements a comprehensive risk management methodology to ensure appropriate and effective risk capturing and controls around structural foreign exchange exposures.

\$ million	2024			2023		
	Structural currency exposure	Structural currency exposure – hedged	Net structural currency exposure	Structural currency exposure	Structural currency exposure – hedged	Net structural currency exposure
Hong Kong Dollar	6,694	3,043	3,651	6,774	1,942	4,832
Chinese Renminbi	9,984	3,999	5,985	8,636	1,794	6,842
US Dollar	4,593	3,790	803	4,150	3,675	475
Malaysian Ringgit	3,498	304	3,194	3,081	–	3,081
Indonesia Rupiah	2,992	–	2,992	2,741	–	2,741
Others	2,500	–	2,500	2,291	–	2,291
Total	30,261	11,136	19,125	27,673	7,411	20,262

⁽¹⁾ Parallel Up/(Down) scenario assumes the yield curves to move parallel upward (downward) with different shocks for different currencies based on supervisory prescriptions.

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38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Liquidity Risk

Liquidity risk refers to the risk of not being able to meet financial and cash outflow obligations as they come due. The objective of liquidity risk management is to ensure that the Group continues to fulfil its financial obligations and can undertake new business, by effectively managing liquidity and funding risks within its risk appetite.

Liquidity risk positions are continuously monitored against approved liquidity risk limits and triggers, established in accordance with the Group's risk appetite. A rigorous review, oversight and escalation process facilitates prompt escalation and remediation of any limit exceptions.

The table below analyses the carrying amount of assets and liabilities of the Group into maturity time bands based on the remaining term to contractual maturity as at the reporting date.

\$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2024								
Cash and placements with central banks	14,461	6,781	7,498	85	–	–	5,774	34,599
Placements with and loans to banks	8,062	4,218	8,821	17,299	2,253	440	–	41,093
Loans to customers	25,253	30,928	22,132	35,682	63,598	137,503	–	315,096
Securities ⁽¹⁾	750	3,420	5,744	15,633	30,948	24,315	7,288	88,098
Derivative receivables	16,667	17	51	271	146	51	–	17,203
Other assets ⁽²⁾	3,463	2,185	610	831	283	492	1,112	8,976
Associates	–	–	1	–	–	–	8,152	8,153
Property, plant and equipment and investment property ⁽³⁾	–	–	–	–	–	–	3,721	3,721
Goodwill and other intangible assets	–	–	–	–	–	–	4,504	4,504
Total	68,656	47,549	44,857	69,801	97,228	162,801	30,551	521,443
Total life insurance fund assets								103,607
Total assets								625,050
Deposits of non-bank customers	221,882	48,789	61,567	55,873	1,757	819	–	390,687
Deposits and balances of banks	9,061	1,149	1,292	42	–	21	–	11,565
Trading portfolio liabilities	59	–	218	–	–	–	4	281
Derivative payables	15,719	28	37	377	49	28	–	16,238
Other liabilities ⁽⁴⁾	3,568	1,519	1,614	2,337	280	130	1,291	10,739
Debt issued	821	4,842	10,202	7,995	5,783	1,910	–	31,553
Total	251,110	56,327	74,930	66,624	7,869	2,908	1,295	461,063
Total life insurance fund liabilities								103,607
Total liabilities								564,670
Net liquidity gap	(182,454)	(8,778)	(30,073)	3,177	89,359	159,893		

(1) Securities comprise government, debt and equity securities. Securities at FVTPL (Note 39) are expected to be recovered or settled within 12 months.

(2) Other assets include deferred tax assets.

(3) Property, plant and equipment and investment property include assets held for sale.

(4) Other liabilities include amounts due to associates, current tax and deferred tax liabilities.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Liquidity Risk (continued)

\$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2023								
Cash and placements with central banks	13,091	3,332	12,335	108	–	–	5,420	34,286
Placements with and loans to banks	5,053	7,525	7,619	14,190	935	458	–	35,780
Loans to customers	17,628	35,299	19,327	35,047	57,779	127,674	–	292,754
Securities ⁽¹⁾	547	1,834	9,773	16,923	23,593	23,760	5,791	82,221
Derivative receivables	12,676	6	21	68	155	50	–	12,976
Other assets ⁽²⁾	2,604	2,201	650	503	430	308	1,512	8,208
Associates	–	–	13	–	–	–	6,990	7,003
Property, plant and equipment and investment property ⁽³⁾	–	1	–	–	–	–	3,600	3,601
Goodwill and other intangible assets	–	–	–	–	–	–	4,501	4,501
Total	51,599	50,198	49,738	66,839	82,892	152,250	27,814	481,330
Total life insurance fund assets								100,094
Total assets								581,424
Deposits of non-bank customers	199,553	45,572	57,355	58,338	1,700	1,252	–	363,770
Deposits and balances of banks	7,572	1,981	1,290	32	1	8	–	10,884
Trading portfolio liabilities	–	–	193	–	–	–	1	194
Derivative payables	13,323	3	7	62	239	86	–	13,720
Other liabilities ⁽⁴⁾	2,485	2,357	1,374	2,654	269	131	1,385	10,655
Debt issued	919	2,676	10,660	5,424	5,325	1,549	–	26,553
Total	223,852	52,589	70,879	66,510	7,534	3,026	1,386	425,776
Total life insurance fund liabilities								100,094
Total liabilities								525,870
Net liquidity gap	(172,253)	(2,391)	(21,141)	329	75,358	149,224		

(1) Securities comprise government, debt and equity securities. Securities at FVTPL (Note 39) are expected to be recovered or settled within 12 months.

(2) Other assets include deferred tax assets.

(3) Property, plant and equipment and investment property include assets held for sale.

(4) Other liabilities include amounts due to associates, current tax and deferred tax liabilities.

As contractual maturities may not necessarily reflect the timing of actual cash flows of assets and liabilities, cash flows for profiling liquidity risk are on contractual and behavioural bases. The cash flows of assets and liabilities may be different from their contractual terms.

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38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Contractual Maturity for Financial Liabilities

The table below shows the undiscounted cash outflows of the Group's financial liabilities by remaining contractual maturities, except for trading portfolio liabilities which are profiled in accordance with the Group's trading strategies. Information on cash outflows of gross loan commitments is set out in Note 43. The behavioural cash flows of these liabilities could vary significantly from what is shown in the table. For example, demand deposits of non-bank customers, such as current and savings deposits (Note 17) may exhibit a longer behavioural maturity beyond the contractual profile. Similarly, loan commitments are not all expected to be drawn down immediately.

\$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2024							
Deposits of non-bank customers ⁽¹⁾	222,014	49,208	62,551	57,159	1,836	861	393,629
Deposits and balances of banks ⁽¹⁾	9,063	1,155	1,302	44	–	21	11,585
Trading portfolio liabilities	59	–	222	–	–	–	281
Other liabilities ⁽²⁾	3,356	1,074	1,040	984	254	132	6,840
Debt issued	826	4,856	10,234	8,081	6,987	2,111	33,095
Derivatives							
Trading	15,718	–	–	–	–	–	15,718
Hedging – Net settled	2	4	27	50	39	9	131
Hedging – Gross settled							
Outflow	96	3,306	3,042	13,310	1,354	603	21,711
Inflow	(111)	(3,286)	(3,057)	(13,226)	(1,415)	(624)	(21,719)
	251,023	56,317	75,361	66,402	9,055	3,113	461,271

2023

Deposits of non-bank customers ⁽¹⁾	199,860	45,866	58,499	60,060	2,013	1,266	367,564
Deposits and balances of banks ⁽¹⁾	7,577	1,992	1,301	33	1	8	10,912
Trading portfolio liabilities	–	1	193	–	–	–	194
Other liabilities ⁽²⁾	2,325	1,961	762	1,133	234	129	6,544
Debt issued	919	2,693	10,735	5,688	5,934	1,713	27,682
Derivatives							
Trading	13,319	–	–	–	–	–	13,319
Hedging – Net settled	5	–	53	39	87	29	213
Hedging – Gross settled							
Outflow	191	1,204	1,223	2,238	1,108	231	6,195
Inflow	(201)	(1,206)	(1,250)	(2,317)	(1,107)	(227)	(6,308)
	223,995	52,511	71,516	66,874	8,270	3,149	426,315

⁽¹⁾ Interest cash flows of bank and non-bank deposits are included in the respective deposit lines based on interest payment dates.

⁽²⁾ Other liabilities include amounts due to associates.

Information Security and Digital Risk

Information security and digital risk is the risk of compromising confidentiality or integrity of information, cyber threats and technology failures.

Operational Risk

Operational risk is the risk of loss caused by failures in internal processes, systems, people or external events, which is present in all banking products, activities, processes and systems. It encompasses a range of non-financial risks, including fraud risk, money laundering, terrorism financing and sanctions risk, third-party risk, physical and personnel security risk, conduct risk, business continuity risk, unauthorised trading risk, regulatory risks as well as legal and reputational risk.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Hedging

The Group enters into hedging transactions to manage exposures to market risks. The tables below summarises the effects of hedge accounting applied by the Group on the hedging instruments.

GROUP (\$ million)	2024			2023		
	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Included items designated for hedges:						
Fair value/cash flow hedge – FED	18,077	381	150	3,415	39	96
Fair value/cash flow hedge – IRD	30,230	172	105	24,638	197	210
Hedge of net investments – FED	8,245	21	265	4,530	70	95
	56,552	574	520	32,583	306	401

BANK (\$ million)	2024			2023		
	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Included items designated for hedges:						
Fair value/cash flow hedge – FED	21,143	247	397	6,753	98	150
Fair value/cash flow hedge – IRD	23,244	126	96	17,349	129	199
Hedge of net investments – FED	86	–	16	88	–	11
	44,473	373	509	24,190	227	360

For the fair value hedges, the carrying amount at 31 December 2024 relating to the assets and liabilities designated as hedged items were \$22,192 million and \$7,533 million (2023: \$10,474 million and \$8,097 million) respectively. The hedged items were mainly fixed-rate debt securities held (financial assets) and debt securities issued (financial liabilities).

For the cash flow hedges, the carrying amount at 31 December 2024 relating to the assets and liabilities designated as hedged items were \$13,164 million (2023: \$9,160 million) and \$1,039 million (2023: nil) respectively. The hedged items were mainly variable rate loans (financial assets).

Net investment hedges

The amounts relating to items designated as hedging instruments were as follows.

\$ million	Nominal amount	Carrying amount	
		Assets	Liabilities
2024			
Foreign exchange derivatives	8,245	21	265
Subordinated debt	2,948	–	2,890
2023			
Foreign exchange derivatives	4,530	70	95
Subordinated debt	2,859	–	2,746

The total change in fair value of the hedging instruments during the year was a loss of \$222 million (2023: gain of \$130 million), of which a loss of \$223 million (2023: gain of \$131 million) was recognised in OCI, while hedge ineffectiveness of a gain of \$1 million (2023: loss of \$1 million) was recognised immediately in the income statement as part of net trading income.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management

This note sets out the risk management information of GEH Group.

Governance Framework

Managing risk is an integral part of GEH Group's core business. GEH Group operates within parameters and limits that are calibrated to the risk appetite approved by the GEH Board, and pursue appropriate risk-adjusted returns.

GEH Group Risk Management department spearheads the development and implementation of the ERM Framework for GEH Group.

GEH Board provides oversight in ensuring that the activities of GEH Group are consistent with the strategic intent, risk appetite, operating environment, effective internal controls, capital sufficiency and regulatory requirements. GEH Board may delegate this responsibility to the Risk Management Committee (RMC) and Senior Management of GEH Group for the execution of these initiatives. At GEH Group level, detailed risk management and oversight activities are undertaken by the following Group Management committees, all of which are chaired by GEH Group Chief Executive Officer and comprise key Senior Management Executives, namely: GEH Group Management Committee (GMC), GEH Group Investment Committee (Group IC), GEH Group Asset-Liability Committee (Group ALC), GEH Group Technology Strategy Committee (Group TSC) and GEH Group Product Management and Approval Committee (Group PMAC).

GMC is responsible for providing leadership and direction with regards to all major operational and business issues and sustainable performance of GEH Group. The GMC ensures that GEH Group is operating within parameters and limits set out in the risk appetite approved by the Board; and in compliance with GEH Group's frameworks, policies and regulatory requirements. The GMC is supported by the GEH Group IC, GEH Group ALC, GEH Group PMAC, GEH Group TSC, Local Senior Management Team (SMT), Local ALC, Local Product Development Committee (PDC) and Local IT Steering Committee (ITSC).

GEH Group IC is responsible for the oversight of all investment management activities involving the asset side returns and risks of GEH Group, with the fiduciary responsibility to act in the best interest of the clients, to achieve returns commensurate with the assumed risks. It is also responsible to provide transparency and disclosure and the monitoring and the review of the insurance funds.

GEH Group ALC is responsible for Balance Sheet Management, involving interactions between assets and liabilities (including Asset-Liability Management, Liquidity Management, and Investment Management). Specifically, GEH Group ALC reviews and formulates frameworks, policies, processes and methodologies relating to balance sheet management. GEH Group ALC is supported by the Local ALC.

GEH Group TSC is responsible for assisting GMC approving IT related issues and initiatives, providing overall strategic direction on technology in alignment to GEH Group strategy and manage technology related risk. Local ITSC supports GEH Group TSC in the alignment of overall direction and approval of all IT related issues and initiatives at the local operating subsidiaries.

GEH Group PMAC is responsible for reviewing, approving and managing new and existing products, ensuring the business operates within the risk appetite in delivering the annual business targets. Local PDC is responsible for reviewing and endorsing new products at the local operating subsidiaries.

Regulatory Framework

As set out in GEH Group's Compliance Risk Management Framework, GEH Group operates its business on a sound and responsible basis, which entails compliance with the applicable laws, regulations, rules and standards.

Insurers are required to comply with the Insurance Act 1966 and relevant regulatory requirements. GEH Board exercises oversight of compliance with the applicable laws, regulations, rules and standards to safeguard the interests of policyholders and shareholders.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Capital Management

The objectives of GEH Group's capital management policy are to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements.

GEH Group has increased its focus on improving capital efficiency and has issued Tier 2 debt in 2024 to diversify the capital mix and improve the return on ordinary share capital. In addition, there is also increasing focus to centralise the surplus capital at GEH Group holding level for more efficient management of surplus capital.

Regulatory Capital

GEH Group and its insurance subsidiaries are required to comply with the capital requirements prescribed by the Insurance Regulations of the jurisdictions in which they operate. The Capital Adequacy Ratios of GEH Group and its insurance subsidiaries in Singapore, Malaysia and Indonesia are above the regulatory minimum ratios under the Risk-based Capital Frameworks established by the Monetary Authority of Singapore (MAS), Bank Negara Malaysia (BNM) and Otoritas Jasa Keuangan, Indonesia respectively.

GEH Group's approach to capital management is to maintain an adequate level of capital to meet minimum regulatory requirements with sufficient buffer for business purposes. To this end, GEH Group manages asset liability decisions and the associated risks in a coordinated way by assessing and monitoring the available and required capital (of GEH Group and each regulated entity) on a regular basis and, where necessary, taking appropriate actions to adjust the asset liability positions of GEH Group and/or the entity in response to changes in economic conditions and risk characteristics.

The primary sources of capital of GEH Group are shareholders' equity and alternative capital raised. GEH Group defines available capital as the amount of assets in excess of liabilities measured in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate.

The MAS Group Capital Framework (GCF) has been implemented effective 1 January 2024, which revises the rules for capital adequacy ratio and other relevant solvency ratio calculations at GEH Group level.

Dividend

GEH Group's dividend guideline aims to pay a steady dividend amount twice yearly. Each twice-yearly payment will be an amount that targets a full year payout to shareholders that is based on the sustainable profit level of GEH Group, and the dividends will be progressive in line with the profit trend. Barring unforeseen circumstances, the Company aims to maintain each dividend amount to be no lower than the preceding one.

The following sections provide details of GEH Group's exposure to insurance and key financial risks, as well as the objectives, policies and processes for managing these risks.

There has been no change to GEH Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk

The principal activity of GEH Group is the provision of insurance products and related financial advisory services. The products cover risks such as mortality, morbidity (health, disability, critical illness, personal accident), property and casualty and wealth accumulation guarantees.

GEH Group's underwriting strategy is designed to ensure that risks are well diversified across the types of risk and level of insurance exposure. This is largely achieved through diversification across industry sectors and geography. Additionally, the use of medical screening ensures that pricing takes into account current health conditions and family medical history. There is also regular review of actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also established to enforce appropriate risk acceptance criteria. For example, GEH Group has the right to reject renewal of insurance policy, impose deductibles and reject payment of fraudulent claims.

Risks inherent in GEH Group's activities include but are not limited to the following:

Insurance Risks of Life Insurance Contracts

Insurance risks arise when GEH Group underwrites insurance contracts. The types of risks insured, assumptions used in pricing the insurance products and subsequent setting aside of provisions may give rise to potential shortfalls in provision for future claims and expenses when actual claims experience are worse than projections. Assumptions that may cause insurance risks to be underestimated include assumptions on policy lapses, mortality, morbidity and expenses.

GEH Group utilises reinsurance to manage the mortality and morbidity risks. GEH Group's reinsurance management strategy and policy are reviewed annually by GEH Group ALC and GEH Group RMC. Reinsurance is structured according to the type of risk insured. Catastrophe reinsurance is procured to limit catastrophic losses.

In general, reinsurance business will only be ceded to reinsurers with a minimum credit rating of S&P A- or equivalent. GEH Group limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

GEH Group ALC reviews the actual experience of mortality, morbidity, persistency, and renewal expenses and ensures that the policies, guidelines and limits established for managing the risks remain adequate and appropriate.

A substantial portion of GEH Group's life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment portfolios perform below expectations, or claims experience is higher than expected.

For universal life portfolio, GEH Group has the discretion of revising the crediting rates or cap rates to policyholders in the event of adverse experience subject to the minimum guaranteed crediting rate or cap rate.

For investment-linked funds, the risk exposure for GEH Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders. Nevertheless, the fees earned by GEH Group for managing the investment-linked funds would fluctuate with the changes in underlying fund values.

Stress testing is performed at least once a year to assess the solvency of the life insurance funds under various stress scenarios. The stress scenarios include regulatory prescribed scenarios, as well as scenarios depicting drastic changes in key parameters such as new business volume, market volatilities, expense patterns, mortality/morbidity patterns and lapse rates.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risks of Life Insurance Contracts (continued)

The table below sets out the concentration of the insurance contract liabilities by distribution of the various life insurance risk as at year end.

\$ million	Gross	Reinsurance	Net total
(a) By class of business			
2024			
Whole life	65,557	(95)	65,462
Endowment	32,317	(25)	32,292
Term	2,265	(568)	1,697
Annuity	380	–	380
Others	93	1	94
Total	100,612	(687)	99,925
2023			
Whole life	59,278	(10)	59,268
Endowment	35,798	(64)	35,734
Term	1,832	(273)	1,559
Annuity	385	–	385
Others	81	–	81
Total	97,374	(347)	97,027
(b) By country			
2024			
Singapore	70,211	(655)	69,556
Malaysia	28,965	(30)	28,935
Others	1,436	(2)	1,434
Total	100,612	(687)	99,925
2023			
Singapore	70,521	(337)	70,184
Malaysia	25,604	(9)	25,595
Others	1,249	(1)	1,248
Total	97,374	(347)	97,027

The sensitivity analysis below shows the impact of changes in key parameters on the value of insurance contract liabilities, and hence on the consolidated income statement and shareholders' equity.

Sensitivity analysis produced are based on parameters set out as follows:

	Change in assumptions
(a) Scenario 1 – Mortality and Morbidity	+ 10% for all future years
(b) Scenario 2 – Mortality and Morbidity	– 10% for all future years
(c) Scenario 3 – Accident and Health	+ 10% for all future years
(d) Scenario 4 – Accident and Health	– 10% for all future years
(e) Scenario 5 – Persistency	+ 25% for all future years
(f) Scenario 6 – Persistency	– 25% for all future years
(g) Scenario 7 – Renewal Expenses	+ 10% for all future years

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risks of Life Insurance Contracts (continued)

Profit/(Loss) After Tax and Shareholders' Equity Sensitivity for the Singapore Segment

Impact on 1-Year's Profit/(Loss) After Tax and Shareholders' Equity

\$ million	Impact on Profit/(Loss) after tax			Impact on Equity		
	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
2024						
Scenario 1	(267)	146	(121)	(249)	137	(112)
Scenario 2	146	(92)	54	125	(81)	44
Scenario 3	(37)	#	(37)	(37)	#	(37)
Scenario 4	36	(#)	36	36	(#)	36
Scenario 5	(81)	90	9	(97)	87	(10)
Scenario 6	4	(57)	(53)	17	(54)	(37)
Scenario 7	(61)	14	(47)	(61)	13	(48)
2023						
Scenario 1	(192)	95	(97)	(178)	92	(86)
Scenario 2	94	(42)	52	78	(38)	40
Scenario 3	(37)	1	(36)	(37)	1	(36)
Scenario 4	33	(#)	33	33	(#)	33
Scenario 5	(24)	61	37	(50)	59	9
Scenario 6	(41)	(28)	(69)	(21)	(26)	(47)
Scenario 7	(45)	4	(41)	(46)	4	(42)

Profit/(Loss) After Tax and Shareholders' Equity Sensitivity for the Malaysia Segment

Impact on 1-Year's Profit/(Loss) After Tax and Shareholders' Equity

\$ million	Impact on Profit/(Loss) after tax			Impact on Equity		
	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
2024						
Scenario 1	(61)	9	(52)	(69)	16	(53)
Scenario 2	15	(4)	11	24	(11)	13
Scenario 3	(105)	4	(101)	(130)	5	(125)
Scenario 4	6	(#)	6	30	(1)	29
Scenario 5	(6)	(1)	(7)	(6)	#	(6)
Scenario 6	(22)	3	(19)	(22)	2	(20)
Scenario 7	(15)	#	(15)	(19)	1	(18)
2023						
Scenario 1	(70)	12	(58)	(78)	16	(62)
Scenario 2	16	(4)	12	24	(8)	16
Scenario 3	(81)	4	(77)	(103)	4	(99)
Scenario 4	5	(#)	5	28	(1)	27
Scenario 5	(7)	(#)	(7)	(1)	#	(1)
Scenario 6	(28)	3	(25)	(33)	2	(31)
Scenario 7	(16)	1	(15)	(20)	1	(19)

The tables above demonstrate the sensitivity of GEH Group's profit or loss after tax and equity to a change in actuarial valuation assumptions on an individual basis, with all other variables held constant.

The methodology for deriving sensitivities for each scenario has not changed from the previous year. Certain assumptions have been updated to reflect more reasonably possible scenarios.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risk of Non-Life Insurance Contracts

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the liability for remaining coverage and liability for incurred claims.

The table below sets out the distribution of the various categories of the non-life insurance risk for insurance contract liabilities as at reporting date.

Non-life insurance contracts \$ million	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
(a) By class of business						
Fire	82	(33)	49	118	(83)	35
Motor	112	(4)	108	94	(2)	92
Marine and aviation	14	(7)	7	22	(4)	18
Workmen's compensation	30	(9)	21	37	(11)	26
Personal accident and health	58	(3)	55	61	(8)	53
Surety	29	(13)	16	31	(21)	10
Engineering	65	(41)	24	53	(32)	21
Liability	11	(6)	5	13	2	15
Miscellaneous	146	(127)	19	162	(143)	19
Total	547	(243)	304	591	(302)	289
(b) By country						
Singapore	221	(68)	153	262	(121)	141
Malaysia	291	(164)	127	284	(164)	120
Indonesia	35	(11)	24	45	(17)	28
Total	547	(243)	304	591	(302)	289

Key Assumptions

Non-life insurance contract liabilities are determined based on claims experience, knowledge of existing events, terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, trends in historical claims, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by achieving a large and well-diversified portfolio of insurance contracts across various industries and geographical areas. The risks are further mitigated by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Comprehensive assessment of new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to further reduce the risk exposure of GEH Group. In addition, GEH Group further enforces a policy of active management and prompt pursuit of claims to reduce its exposure to unpredictable future developments that can negatively impact GEH Group.

GEH Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events such as hurricanes, earthquakes and flood damages.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risk of Non-Life Insurance Contracts (continued)

The sensitivity analysis below shows the impact of changes in key assumptions on profit/(loss) after tax and equity.

\$ million	Impact on Profit/(Loss) after tax			Impact on Equity			
	Change in assumptions	Gross Impact	Reinsurance Ceded	Net Impact	Gross Impact	Reinsurance Ceded	Net Impact
2024							
Risk adjustment	+20%	(9)	5	(4)	(9)	5	(4)
Loss ratio ⁽¹⁾	+10%	(29)	10	(19)	(29)	10	(19)
2023							
Risk adjustment	+20%	(11)	7	(4)	(11)	7	(4)
Loss ratio ⁽¹⁾	+10%	(29)	10	(19)	(29)	10	(19)

(1) Best estimate reserves and current accident year payments.

The above tables demonstrate the sensitivity of GEH Group's profit or loss after tax and equity to a change in actuarial valuation assumptions on an individual basis with all other variables held constant. The methodology for deriving sensitivities have not changed from the previous year. Certain assumptions have been updated to reflect more reasonably possible scenarios.

Cumulative Claims Estimates and Cumulative Payments To-Date

The tables below show the cumulative claims estimates, at each reporting date, together with cumulative payments to date.

(i) Gross non-life liabilities for incurred claims as at 31 December 2024

\$ million	2017	2018	2019	2020	2021	2022	2023	2024	Total
(a) Estimate of cumulative claims									
Accident Year	206	178	211	259	241	247	234	235	
One year later	204	158	220	233	219	235	210	–	
Two years later	185	151	223	263	212	232	–	–	
Three years later	190	239	226	259	206	–	–	–	
Four years later	191	239	221	244	–	–	–	–	
Five years later	189	235	216	–	–	–	–	–	
Six years later	184	232	–	–	–	–	–	–	
Seven years later	180	–	–	–	–	–	–	–	
Current estimate of cumulative claims	180	232	216	244	206	232	210	235	
(b) Cumulative payments	176	140	199	226	192	200	155	98	
(c) Non-life gross claim liabilities	4	92	17	18	14	32	55	137	369
Gross claim liabilities – prior years									6
Effect of discounting									(10)
Effect of the risk adjustment margin for non-financial risk									33
Non-life insurance contract liabilities, gross									398

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risk of Non-Life Insurance Contracts (continued)

Cumulative Claims Estimates and Cumulative Payments To-Date (continued)

(ii) Net non-life insurance for incurred claims as at 31 December 2024

\$ million	2017	2018	2019	2020	2021	2022	2023	2024	Total
(a) Estimate of cumulative claims									
Accident Year	119	116	118	105	99	128	139	149	
One year later	121	110	113	101	93	119	129	–	
Two years later	117	108	116	96	91	115	–	–	
Three years later	116	110	116	95	88	–	–	–	
Four years later	116	109	113	93	–	–	–	–	
Five years later	113	107	112	–	–	–	–	–	
Six years later	111	104	–	–	–	–	–	–	
Seven years later	109	–	–	–	–	–	–	–	
Current estimate of cumulative claims	109	104	112	93	88	115	129	149	
(b) Cumulative payments	108	102	106	87	81	99	98	62	
(c) Non-life net claim liabilities	1	2	6	6	7	16	31	87	156
Net claim liabilities – prior years									3
Non-performing risk									2
Effect of discounting									(5)
Effect of the risk adjustment margin for non-financial risk									15
Others									8
Non-life liabilities for incurred claims, net									179

Market, Credit and Liquidity Risk

Market risk arises when market values of assets and liabilities are adversely affected by changes in financial markets. Changes in interest rates, foreign exchange rates, equity prices and prices of alternative investment assets can impact present and future earnings of the insurance operations, as well as shareholders' equity.

GEH Group is exposed to market risk through its investment portfolios, as well as in the mismatches between assets and liabilities of the Insurance Funds. In the case of the third-party funds managed by its asset management subsidiary, Lion Global Investors Limited, investment risks are borne by investors and GEH Group does not assume any liability in the event of occurrence of loss or write-down in market valuations.

GEH Group ALC, GEH Group IC and Local ALCs actively manage market risks through the setting of investment policies and asset allocations, approving portfolio construction, risk measurement methodologies, as well as hedging and alternative risk transfer strategies. Investment limits are monitored at various levels to ensure that all investment activities are conducted within GEH Group's risk appetite and in line with GEH Group's management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by GEH Group in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit risk, alternative investment risk and liquidity risk, is briefly described below.

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For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Market, Credit and Liquidity Risk (continued)

(a) Interest Rate Risk (Including Asset Liability Mismatch Risk and Basis Risk)

GEH Group is exposed to interest rate risk through (i) investments in fixed income instruments, (ii) use of derivatives to manage asset liability mismatch and (iii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur economic losses when interest rates rise. Given the long duration of policy liabilities and the uncertainties in the cash flows of Insurance Funds, it is not possible to hold assets with duration or same reference interest rate that perfectly matches the duration of the policy liabilities. This results in interest rate risk and asset liability mismatch risk and basis risk, and these risks are managed and monitored by GEH Group ALC and Local ALCs.

Where the liabilities of the portfolios are predominantly measured using the VFA and the backing assets are measured at FVTPL, the changes in liabilities due to interest rates are expected to closely match the changes in assets.

For portfolios whose liabilities are predominantly measured using the GMM and Modified GMM, and have elected to disaggregate the insurance finance income and expenses between the income statement and other comprehensive income, the backing assets would also have a similar option elected. Therefore, the effect of changes in assets due to interest rates are also expected to closely match changes in liabilities in profit or loss.

(b) Foreign Exchange Risk

The foreign exchange risk inherent in foreign currency fixed income portfolio is typically hedged using currency forwards and swaps wherever practical and cost-effective. Foreign exchange instruments are also used for efficient portfolio management.

The SGD and MYR positions predominately arose from the entities within GEH Group with the same respective functional currencies. Limits are set on the total amount of foreign currency (net of liabilities) to cap GEH Group's foreign exchange risk.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(b) Foreign Exchange Risk (continued)

The tables below show the foreign exchange position of GEH Group's financial and insurance-related assets and liabilities by major currencies.

\$ million	SGD	MYR	USD	Others	Total
2024					
Financial assets at FVOCI					
Equity securities	158	263	376	978	1,775
Debt securities	5,555	1,873	4,217	505	12,150
Financial assets at FVTPL					
Equity securities	993	7,716	1,522	3,662	13,893
Debt securities	15,859	16,833	12,610	4,160	49,462
Other investments	12,582	302	9,719	1,927	24,530
Financial assets at amortised cost					
Debt securities	2	–	455	52	509
Derivative financial assets	2,164	74	4,515	(6,382)	371
Loans	506	70	–	760	1,336
Other debtors	457	237	656	86	1,436
Cash and cash equivalents	1,829	1,266	938	366	4,399
Insurance contract assets	–	69	18	16	103
Reinsurance contract assets	700	291	109	8	1,108
Financial and insurance-related assets	40,805	28,994	35,135	6,138	111,072
Other creditors	832	336	97	38	1,303
Derivative financial liabilities	(21,752)	(51)	22,657	(127)	727
Provision for agents' retirement benefits	3	340	–	–	343
Borrowings	499	23	–	–	522
Insurance contract liabilities	66,553	29,325	4,564	821	101,263
Reinsurance contract liabilities	71	96	11	–	178
Financial and insurance-related liabilities	46,206	30,069	27,329	732	104,336
2023					
Financial assets at FVOCI					
Equity securities	153	246	427	1,080	1,906
Debt securities	6,441	1,956	4,864	734	13,995
Financial assets at FVTPL					
Equity securities	799	6,298	1,012	3,422	11,531
Debt securities	19,145	14,850	11,532	3,113	48,640
Other investments	9,307	216	8,089	1,633	19,245
Financial assets at amortised cost					
Debt securities	439	–	747	32	1,218
Derivative financial assets	19,513	2	(19,617)	1,066	964
Loans	201	121	–	189	511
Other debtors	342	206	410	107	1,065
Cash and cash equivalents	3,813	881	1,171	438	6,303
Insurance contract assets	7	11	8	14	40
Reinsurance contract assets	506	309	46	8	869
Financial and insurance-related assets	60,666	25,096	8,689	11,836	106,287
Other creditors	816	380	549	86	1,831
Derivative financial liabilities	(3,092)	(101)	(2,632)	6,005	180
Provision for agents' retirement benefits	2	296	–	–	298
Insurance contract liabilities	67,332	25,899	4,035	735	98,001
Reinsurance contract liabilities	91	135	(7)	#	219
Financial and insurance-related liabilities	65,149	26,609	1,945	6,826	100,529

The financial assets and financial liabilities of Great Eastern Holdings Limited are not material.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(c) Equity Price Risk

Exposure to equity price risk exists in investment assets through direct equity, equity derivatives and fund investments, where GEH Group, through investments, bears all or most of the equity volatility and investment risks. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the performances of underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of total equity holdings.

(d) Credit Spread Risk

Exposure to credit spread risk exists in GEH Group's bond investments and credit derivatives. Credit spread is the difference between the quoted yields of a credit and a government bond of the same maturity. Credit spreads widen when the default risk of credit bonds increases. Hence, widening credit spreads will result in mark-to-market losses in GEH Group's bond portfolio.

(e) Alternative Investment Risk

GEH Group is exposed to alternative investment risk through investments in real estate that it owns in Singapore and Malaysia, and through real estate funds, private equities, private debt, infrastructure and hedge funds. A monitoring process is established to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by GEH Group RMC and GEH Group IC.

(f) Commodity Risk

GEH Group does not have any exposure to commodity risk.

(g) Liquidity Risk

Liquidity risk arises when GEH Group is unable to meet its cash flow demands, or if the assets backing the liabilities cannot be sold quickly enough without incurring significant losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands for funds can usually be met through ongoing normal operations via premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by surrender of insurance policies due to negative publicity, deterioration of the economy, adverse news on other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders or derivative margin requirements.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are regularly monitored, and a reasonable amount of liquid assets are maintained at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are mitigated through product design, risk diversification, credit facilities, investment strategies and systematic monitoring. Surrender penalty in insurance contracts also protects GEH Group from losses due to unexpected surrender trends and reduces the sensitivity of surrenders to changes in interest rates.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(g) Liquidity Risk (continued)

The following tables show the expected recovery or settlement of financial assets and maturity profile of GEH Group's financial liabilities which are presented based on contractual undiscounted cash flows basis.

\$ million	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	No maturity date	Total
2024						
Financial assets at FVOCI						
Equity securities	1,775	–	–	–	1,775	1,775
Debt securities	12,150	2,540	4,749	9,231	–	16,520
Financial assets at FVTPL						
Equity securities	13,893	–	–	–	13,893	13,893
Debt securities	49,462	4,149	17,370	46,553	1,352	69,424
Other investments	24,530	–	–	–	24,530	24,530
Financial assets at amortised cost						
Debt securities	509	19	506	–	–	525
Derivative financial assets	371	211	103	57	–	371
Loans	1,336	124	982	247	–	1,353
Other debtors	1,436	1,430	2	4	–	1,436
Cash and cash equivalents	4,399	4,399	–	–	–	4,399
	109,861	12,872	23,712	56,092	41,550	134,226
Other creditors						
	1,255	1,214	4	1	37	1,256
Lease liabilities						
	48	13	39	–	–	52
Derivative financial liabilities						
	727	682	6	39	–	727
Provision for agents' retirement benefits						
	343	178	64	102	–	344
Borrowings						
	522	20	101	587	–	708
	2,895	2,107	214	729	37	3,087
2023						
Financial assets at FVOCI						
Equity securities	1,906	–	–	–	1,906	1,906
Debt securities	13,995	2,957	5,899	9,557	–	18,413
Financial assets at FVTPL						
Equity securities	11,531	–	–	–	11,531	11,531
Debt securities	48,640	6,024	15,723	44,280	740	66,767
Other investments	19,245	–	–	–	19,245	19,245
Financial assets at amortised cost						
Debt securities	1,219	779	159	634	–	1,572
Derivative financial assets	964	853	78	33	–	964
Loans	511	95	436	12	–	543
Other debtors	1,065	1,060	4	1	–	1,065
Cash and cash equivalents	6,303	6,303	–	–	–	6,303
	105,379	18,071	22,299	54,517	33,422	128,309
Other creditors						
	1,780	1,739	5	#	36	1,780
Lease liabilities						
	47	11	44	–	–	55
Derivative financial liabilities						
	180	142	34	4	–	180
Provision for agents' retirement benefits						
	298	152	56	90	–	298
	2,305	2,044	139	94	36	2,313

The financial assets and financial liabilities of Great Eastern Holdings Limited are not material.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(g) Liquidity Risk (continued)

The following tables show the maturity profile of insurance contracts issued and reinsurance contracts held that are liabilities of GEH Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

\$ million	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
2024							
Insurance contract liabilities	11,117	6,898	2,466	3,238	3,053	63,305	90,077
Reinsurance contract liabilities held	110	17	17	11	10	78	243
Total	11,227	6,915	2,483	3,249	3,063	63,383	90,320

2023							
Insurance contract liabilities	15,645	5,091	2,267	2,197	3,013	58,826	87,039
Reinsurance contract liabilities held	106	23	9	10	29	95	272
Total	15,751	5,114	2,276	2,207	3,042	58,921	87,311

Amounts Payable on Demand

The amounts payable on demand are as follows.

\$ million	2024		2023	
	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
Universal life contracts	4,091	4,298	3,493	3,693
Investment-linked contracts	10,411	11,256	8,440	8,966
Participating contracts	51,978	60,779	54,293	65,640
Total	66,480	76,333	66,226	78,299

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(g) Liquidity Risk (continued)

The following tables show the current/non-current classification of assets and liabilities:

\$ million	Current ⁽¹⁾	Non-current	Total
2024			
Cash and cash equivalents	4,399	–	4,399
Other debtors	1,452	35	1,487
Loans	119	1,217	1,336
Derivative financial assets	211	160	371
Investments	18,640	83,680	102,320
Income tax recoverable	25	–	25
Deferred tax assets	#	12	12
Reinsurance contract assets	284	824	1,108
Insurance contract assets	48	55	103
Investment in associates	–	68	68
Intangible assets	44	188	232
Investment properties	–	1,939	1,939
Property, plant and equipment	43	466	509
Assets	25,265	88,644	113,909
Other creditors	1,301	79	1,380
Income tax payable	221	–	221
Derivative financial liabilities	682	45	727
Provision for agents' retirement benefits	26	317	343
Deferred tax liabilities	135	355	490
Borrowings	–	522	522
Reinsurance contract liabilities	100	78	178
Insurance contract liabilities	12,823	88,440	101,263
Liabilities	15,288	89,836	105,124
2023			
Cash and cash equivalents	6,303	–	6,303
Other debtors	1,076	35	1,111
Loans	87	424	511
Derivative financial assets	853	111	964
Investments	19,286	77,249	96,535
Deferred tax assets	3	14	17
Reinsurance contract assets	256	613	869
Insurance contract assets	38	2	40
Investment in associates	–	95	95
Intangible assets	45	167	212
Investment properties	–	1,881	1,881
Property, plant and equipment	44	452	496
Assets	27,991	81,043	109,034
Other creditors	1,824	88	1,912
Income tax payable	165	–	165
Derivative financial liabilities	142	38	180
Provision for agents' retirement benefits	20	278	298
Deferred tax liabilities	1	268	269
Reinsurance contract liabilities	96	124	220
Insurance contract liabilities	17,216	80,785	98,001
Liabilities	19,464	81,581	101,045

⁽¹⁾ Expected recovery or settlement within 12 months from the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk

Credit risk is the risk of loss arising from an obligor failing to discharge an obligation. GEH Group is mainly exposed to credit risk through (i) investments in cash, bonds, and credit derivatives, (ii) corporate lending activities and (iii) exposure to counterparty's credit risk in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a downgrading of credit rating or default by the borrower or counterparty.

GEH group wide credit risk is managed by GEH Group ALC. GEH Group establishes internal limits by issuer and counterparty according to their investment credit rating which are actively monitored to manage the credit and concentration risk, and are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available information. The task of evaluating and monitoring credit risk at the GEH subsidiary level is undertaken by Local ALCs.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is mitigated through counterparty limits that are reviewed and approved on an annual basis.

Credit risk arising from customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

GEH Group issues unit-linked investment policies in which the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, GEH Group has no material credit risk or market risk on unit-linked financial assets.

The loans in GEH Group's portfolio are generally secured by collateral, with a maximum loan-to-value ratio of 70%. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines on the collateral eligibility have been established, and all collateral are revalued on a regular basis. GEH management monitors the market values of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair values of collateral, held by GEH Group as lender, for which it is entitled to sell or pledge in the event of default is as tabulated below:

\$ million	Type of collateral	2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Secured loans	Properties	944	1,705	372	882
Secured loans	Others	57	65	1	1
Derivatives	Cash	75	75	257	257
		1,076	1,845	630	1,140

There were no securities lending arrangements as at 31 December 2024 (2023: nil).

As at the reporting date, no investments (2023: nil) were placed as collateral for currency hedging purposes.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

The following table sets out information about the credit quality of loans and debt securities measured at amortised cost and debt securities measured at FVOCI. The maximum exposure is shown on a gross basis, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

\$ million	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
2024				
Loans at amortised cost				
Investment grade* (BBB to AAA)	1,275	66	1	1,342
Not rated	1	–	57	58
	1,276	66	58	1,400
Loss allowance	(#)	(6)	(58)	(64)
Carrying amount	1,276	60	–	1,336
Debt securities at amortised cost				
Investment grade* (BBB to AAA)	511	–	–	511
	511	–	–	511
Loss allowance	(2)	–	–	(2)
Carrying amount	509	–	–	509
Debt securities at FVOCI				
Investment grade* (BBB to AAA)	12,084	65	–	12,149
Non investment grade* (C to BB)	–	1	–	1
	12,084	66	–	12,150
2023				
Loans at amortised cost				
Investment grade* (BBB to AAA)	401	117	–	518
Not rated	2	–	47	49
	403	117	47	567
Loss allowance	(1)	(8)	(47)	(56)
Carrying amount	402	109	–	511
Debt securities at amortised cost				
Investment grade* (BBB to AAA)	1,219	–	–	1,219
	1,219	–	–	1,219
Loss allowance	(1)	–	–	(1)
Carrying amount	1,218	–	–	1,218
Debt securities at FVOCI				
Investment grade* (BBB to AAA)	13,945	48	–	13,993
Non investment grade* (C to BB)	–	2	–	2
	13,945	50	–	13,995

(1) * Based on internal ratings grades which are equivalent to grades of external rating agencies.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

The following table sets out the credit analysis for financial assets and reinsurance contract assets that are not subjected to ECL.

\$ million	Investment grade (BBB to AAA)	Non investment grade (C to BB)	Not rated	Not subject to credit risk	Total carrying amount
2024					
Financial assets at FVOCI					
Equity securities	–	–	–	1,775	1,775
Financial assets at FVTPL					
Equity securities	–	–	–	13,893	13,893
Debt securities	48,507	792	163	–	49,462
Other investments	–	–	–	24,530	24,530
Derivative financial assets	353	–	18	–	371
Other debtors	4	23	1,409	–	1,436
Cash and cash equivalents	4,393	6	–	–	4,399
Reinsurance contract assets	1,108	–	–	–	1,108
	54,365	821	1,590	40,198	96,974
2023					
Financial assets at FVOCI					
Equity securities	–	–	–	1,906	1,906
Financial assets at FVTPL					
Equity securities	–	–	–	11,531	11,531
Debt securities	47,627	855	159	–	48,641
Other investments	–	–	–	19,245	19,245
Derivative financial assets	934	–	30	–	964
Other debtors	3	12	1,049	–	1,064
Cash and cash equivalents	5,673	–	630	–	6,303
Reinsurance contract assets	869	–	–	–	869
	55,106	867	1,868	32,682	90,523

Great Eastern Holdings Limited's financial assets are not material.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

Amounts Arising from ECL

ECL provisioning is the setting of allowance for credit-impaired and non-credit-impaired exposure in accordance to SFRS (I) 9 through forward-looking ECL models.

Measurement of ECL – Explanation of Inputs, Assumptions and Estimation Techniques

The key inputs into the measurement of ECL are the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are derived from statistical models internally developed by GEH Group.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are derived from PD models that incorporate both quantitative and qualitative inputs, which are in turn derived from internal and external compiled data. The model outputs are adjusted to reflect forward-looking information whenever appropriate.

LGD is the magnitude of the likely loss incurred during a default. LGD is expressed as a percentage of loss per unit of exposure at the time of default and represents an estimate of the economic loss in the event of the default of the counterparty. Factors in determining LGDs include claim seniority, availability and quality of collateral, legal enforceability processes in the jurisdiction and industry of borrower and prevailing market conditions. They are estimates at a certain date and are derived using statistical models. These statistical models are developed using internally compiled data and incorporate both quantitative and qualitative factors. The model outputs are adjusted to reflect forward-looking information whenever appropriate.

EAD represents the expected exposure in the event of a default. GEH Group derives the EAD based on the current exposure to the counterparty and potential future exposure.

The ECL is determined by the PD, LGD and EAD for each individual exposure. The ECLs are first determined from the product of these three components, which are then adjusted to take into account forward-looking information. The ECLs are finally discounted to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Significant Increase in Credit Risk

To assess whether there is a significant increase in credit risk, GEH Group compares the risk of a default occurring on the asset as at reporting date with the risk of default assessed at the date of initial recognition. GEH Group considers available reasonable and supportive forward-looking information, which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an obligor's credit rating along the rating scale represents a change in the credit risk as measured by the change in PD.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

Significant Increase in Credit Risk (continued)

The criteria for assessing whether credit risk has increased significantly will be determined by changes in 12M PDs and other qualitative factors. The credit risk of an obligor is deemed to have increased significantly since initial recognition if, based on GEH Group's quantitative model, the 12M PD is determined to have more than doubled since origination, except when the obligor remains within the investment grade ratings.

Using expert credit judgement and, where possible, relevant historical experience, GEH Group may determine that an obligor has undergone a significant increase in credit risk based on qualitative factors that are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. GEH Group uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

GEH Group considers an obligor to have relatively lower credit risk if it is of investment grade quality, taking into account both internal and external credit ratings.

Credit Risk Grades

GEH Group assigns each obligor to a credit risk grade that reflects the PD of the obligor. Credit risk grades are established based on qualitative and quantitative factors that are indicative of default risk. These factors vary depending on the nature of the exposure and the type of counterparty.

Credit risk grades are defined and calibrated such that the default risk increases as credit risk deteriorates. Each exposure is assigned with a credit risk grade at initial recognition, based on available information on the borrower. Obligors are subject to ongoing monitoring and review, and may be assigned with new credit risk grades that better reflects their creditworthiness. The monitoring typically involves the use of information obtained during periodic review, including published financial statements, external rating (where available), as well as qualitative information on an obligor's industry, competitive positioning, management, financial policy and financial flexibility.

Definition of Default

GEH Group considers a financial asset to be in default by assessing the following criteria:

Quantitative Criteria

For insurance receivables, the obligor is said to be in default if it fails to make contractual payments within 6 months after it falls due (i.e. after expiration of the maximum granted credit terms). For bonds and loans, the obligor is said to be in default if it fails to meet its contractual obligation and there are non-payments on another debt obligation of the same issuer to GEH Group.

Qualitative Criteria

The counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption or breach of material loan covenants not rectified within a given timeframe, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within given timeframe.

The criteria above have been applied to all financial instruments held by GEH Group and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout GEH Group's expected loss calculations.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

Incorporating of Forward-Looking Information

GEH Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in its ECL measurement. GEH Group has performed historical analysis and identified key economic variables impacting credit risk and ECLs for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the base economic scenario) are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, and based on such information to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on PDs, EADs and LGDs has been determined via regression analyses.

In addition to the base economic scenario, GEH Group uses multiple scenarios to ensure non-linear risks are captured. The number of scenarios and the respective scenario attributes are reviewed at each reporting date. At 31 December 2024, GEH Group concluded that two particular scenarios are capable of capturing non-linear risks inherent in all portfolios. The scenario weightings are determined by expert credit judgement, taking into account the range of possible outcomes presented by the chosen scenarios. The assessment of significant increase in credit risk is performed using the 12M PD under each scenario multiplied by the associated scenario weights. This determines whether the financial instrument is in Stage 1, 2 or 3, and hence whether 12M or lifetime ECL should be applied. Following this assessment, GEH Group measures ECL as either a probability-weighted 12M ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and the actual outcomes may be significantly different from projected outcomes. GEH Group considers these forecasts being representative of the best estimates of the possible outcomes and has analysed the non-linear risks and asymmetries within the various portfolios of GEH Group to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to GEH Group for the year ended 31 December 2024.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

Loss Allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

\$ million	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans and other receivables at amortised cost				
At 1 January 2023	1	6	36	43
Net remeasurement of loss allowance	–	2	11	13
New financial assets purchased	#	–	–	#
Financial assets that have been derecognised	(#)	–	–	(#)
Changes in models/risk parameters	(#)	–	–	(#)
Foreign exchange and other movements	–	–	–	–
At 31 December 2023/1 January 2024	1	8	47	56
Net remeasurement of loss allowance	(#)	(1)	11	10
New financial assets purchased	1	#	–	1
Financial assets that have been derecognised	(1)	(2)	–	(3)
Changes in models/risk parameters	(#)	(1)	–	(1)
Foreign exchange and other movements	–	1	–	1
At 31 December 2024	1	5	58	64

Debt securities at amortised cost

At 1 January 2023	2	–	–	2
Net remeasurement of loss allowance	#	–	–	#
New financial assets purchased	#	–	–	#
Changes in models/risk parameters	(#)	–	–	(#)
At 31 December 2023/1 January 2024	2	–	–	2
Net remeasurement of loss allowance	#	–	–	#
New financial assets purchased	#	–	–	#
Financial assets that have been derecognised	(#)	–	–	(#)
Changes in models/risk parameters	(#)	–	–	(#)
At 31 December 2024	2	–	–	2

Debt securities at FVOCI

At 1 January 2023	8	11	3	22
Transfer to 12 month ECL	1	(1)	–	–
Additional losses due to transfer	(1)	–	–	(1)
Net remeasurement of loss allowance	#	1	–	1
New financial assets purchased	6	(#)	–	6
Financial assets that have been derecognised	(3)	(1)	–	(4)
Changes in models/risk parameters	(#)	#	–	(#)
Foreign exchange and other movements	–	(#)	–	(#)
At 31 December 2023/1 January 2024	11	10	3	24
Transfer to 12 month ECL	#	(#)	–	–
Transfer to lifetime ECL not credit-impaired	(#)	#	–	–
Additional losses due to transfer	(#)	#	–	#
Net remeasurement of loss allowance	–	3	–	3
New financial assets purchased	3	–	–	3
Financial assets that have been derecognised	(4)	(6)	–	(10)
Changes in models/risk parameters	(2)	(4)	–	(6)
At 31 December 2024	8	3	3	14

Increase/(decrease) in provision for impairment of financial assets for the year

31 December 2023	3	1	11	15
31 December 2024	(3)	(10)	11	(2)

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(h) Credit Risk (continued)

Loss Allowance (continued)

The changes in risk parameters may consist of management overlays, including but not limited to, the application of judgement to:

- i) key economic variables including GDP growth projections;
- ii) scenario weightings;
- iii) obligor's credit rating to reflect a deterioration to credit risk;
- iv) events arisen after post-model-run that require adjustment.

Loss allowances are reviewed quarterly, taking into consideration the effects of key variables.

(i) Concentration Risk

An important element of managing both market, credit and liquidity risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. GEH Group's exposures are within the concentration limits set by the respective local regulators.

GEH Group actively manages its investment mix to ensure that there is no significant concentration in market, credit and liquidity risk.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(j) Sensitivity Analysis on Financial Risks

The sensitivity analysis below shows the impact on GEH Group's net profit after tax by applying possible shocks to each key variables, with all other variables constant. Co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets. To demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuation of insurance and reinsurance contract liabilities/assets. The equity sensitivity represents the impact on net profit after tax and the effect on changes in fair value of financial assets measured at FVOCI and changes in insurance finance reserves.

Market Risk Sensitivity Analysis

\$ million	Impact on profit after tax					
	2024			2023		
	Financial assets	Insurance & reinsurance contracts	Total	Financial assets	Insurance & reinsurance contracts	Total
Change in variables:						
(a) Interest rate						
+100 basis points	(3,319)	3,228	(91)	(2,799)	2,733	(66)
-100 basis points	3,919	(3,847)	72	3,239	(3,202)	37
(b) Foreign currency						
5% increase in market value of USD denominated assets	133	(167)	(34)	109	(146)	(37)
5% decrease in market value of USD denominated assets	(133)	167	34	(109)	146	37
(c) Equity						
20% increase in market indices	3,943	(3,700)	243	3,219	(3,078)	141
20% decrease in market indices	(3,905)	3,660	(245)	(3,219)	3,051	(168)
(d) Credit						
Spread +100 basis points	(1,520)	1,456	(64)	(1,237)	1,193	(44)
Spread -100 basis points	1,676	(1,594)	82	1,417	(1,372)	45
(e) Alternative investments ⁽¹⁾						
10% increase in market value of all alternative investments	541	(469)	72	592	(520)	72
10% decrease in market value of all alternative investments	(541)	469	(72)	(592)	520	(72)

(1) Alternative investments comprise investments in real estate, private equity, private debt, infrastructure and hedge funds.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market, Credit and Liquidity Risk (continued)

(j) Sensitivity Analysis on Financial Risks (continued)

Market Risk Sensitivity Analysis (continued)

\$ million	Impact on Equity					
	2024			2023		
	Financial assets	Insurance & reinsurance contracts	Total	Financial assets	Insurance & reinsurance contracts	Total
Change in variables:						
(a) Interest rate						
+100 basis points	(3,841)	3,537	(304)	(3,374)	2,968	(406)
-100 basis points	4,516	(4,260)	256	3,889	(3,644)	245
(b) Foreign currency						
5% increase in market value of USD denominated assets	133	(166)	(33)	109	(145)	(36)
5% decrease in market value of USD denominated assets	(133)	166	33	(109)	144	35
(c) Equity						
20% increase in market indices	4,230	(3,709)	521	3,533	(3,087)	446
20% decrease in market indices	(4,192)	3,669	(523)	(3,275)	3,060	(215)
(d) Credit						
Spread +100 basis points	(1,891)	1,478	(413)	(1,587)	1,224	(363)
Spread -100 basis points	2,097	(1,625)	472	1,807	(1,421)	386
(e) Alternative investments ⁽¹⁾						
10% increase in market value of all alternative investments	565	(491)	74	610	(535)	75
10% decrease in market value of all alternative investments	(565)	491	(74)	(610)	535	(75)

⁽¹⁾ Alternative investments comprise investments in real estate, private equity, private debt, infrastructure and hedge funds.

The above tables demonstrate the sensitivity of GEH Group's shareholders' equity to a change in the specified variables on an individual basis with all other variables held constant.

The methodology for deriving sensitivities have not changed from the previous year, certain variable has been updated to reflect more relevant scenarios for GEH Group.

Notes to the Financial Statements

For the financial year ended 31 December 2024

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Operational and Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed internal processes and systems, human factors, or external events.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives and its reputation as a result of its failure to comply with the following applicable laws, regulations and standards:

- local laws, regulations and rules governing licensed activities undertaken by GEH Group;
- foreign laws, regulations and rules that have extraterritorial jurisdiction over GEH Group's licensed activities;
- codes of practice promoted by industry associations of which GEH Group are members of; and
- any other applicable regulations which do not specifically govern the licensed activities undertaken by GEH Group but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational and compliance risk is through the maintenance of comprehensive internal control frameworks, supported by an infrastructure of systems and procedures to monitor processes and transactions. GEH Group GMC reviews operational and compliance issues on a GEH Group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. GEH Group Internal Audit team reviews the systems of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to GEH Group Audit Committee.

Technology, Information and Cyber Risks

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/hardware failure, capacity deficiency arising from the use of technologies such as electronic hardware/devices, software, online networks and telecommunications systems.

Information risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

GEH Group adopts a risk-based approach in managing technology risks relating to IT disruption, cyber threats, data loss and third parties. GEH Group has put in place technological and procedural risk controls to defend against external and insider threats. Key risk indicators related to technology, information and cyber risks are reported to GEH Group Board on a regular basis. Independent assessment is performed by internal and external auditors on the adequacy and effectiveness of the technology risk controls.

39. Financial Assets and Financial Liabilities Classification

\$ million	GROUP					
	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	Total
2024						
Cash and placements with central banks	–	–	34,599	–	–	34,599
Singapore government treasury bills and securities	1,850	–	4,785	7,681	–	14,316
Other government treasury bills and securities	3,054	16	5,632	21,667	–	30,369
Placements with and loans to banks	1,418	–	20,510	20,479	–	42,407
Loans to customers	–	–	315,096	–	–	315,096
Debt securities	6,220	25	773	29,107	–	36,125
Equity securities and investment funds	6,133	–	–	1,155	–	7,288
Debt and equity securities	12,353	25	773	30,262	–	43,413
Derivative receivables	17,203	–	–	–	–	17,203
Other assets	–	–	6,868	–	310	7,178
Amounts due from associates	–	–	1	–	–	1
Financial assets	35,878	41	388,264	80,089	310	504,582
Non-financial assets						18,176
						522,758
Financial assets for life insurance funds	43,225	41,850	5,174	9,207	897	100,353
Non-financial assets for life insurance funds						1,939
Total assets						625,050
Deposits of non-bank customers	–	58	390,629	–	–	390,687
Deposits and balances of banks	–	21	11,544	–	–	11,565
Trading portfolio liabilities	281	–	–	–	–	281
Derivative payables	16,238	–	–	–	–	16,238
Other liabilities ⁽¹⁾	–	–	8,212	–	615	8,827
Debt issued	–	3,357	28,196	–	–	31,553
Financial liabilities	16,519	3,436	438,581	–	615	459,151
Non-financial liabilities						2,587
						461,738
Financial liabilities for life insurance funds	695	–	1,341	–	100,822	102,858
Non-financial liabilities for life insurance funds						74
Total liabilities						564,670

⁽¹⁾ Other liabilities include amounts due to associates.

Notes to the Financial Statements

For the financial year ended 31 December 2024

39. Financial Assets and Financial Liabilities Classification (continued)

\$ million	GROUP					Total
	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	
2023						
Cash and placements with central banks	–	–	34,286	–	–	34,286
Singapore government treasury bills and securities	1,904	80	3,358	13,823	–	19,165
Other government treasury bills and securities	3,040	78	4,437	18,910	–	26,465
Placements with and loans to banks	1,821	–	18,840	17,390	–	38,051
Loans to customers	11	–	292,743	#	–	292,754
Debt securities	4,604	23	822	25,351	–	30,800
Equity securities and investment funds	4,582	–	–	1,209	–	5,791
Debt and equity securities	9,186	23	822	26,560	–	36,591
Derivative receivables	12,976	–	–	–	–	12,976
Other assets	–	–	5,966	–	383	6,349
Amounts due from associates	–	–	13	–	–	13
Financial assets	28,938	181	360,465	76,683	383	466,650
Non-financial assets						17,257
						483,907
Financial assets for life insurance funds	36,940	41,282	5,813	11,076	525	95,636
Non-financial assets for life insurance funds						1,881
Total assets						581,424
Deposits of non-bank customers	–	–	363,770	–	–	363,770
Deposits and balances of banks	–	–	10,884	–	–	10,884
Trading portfolio liabilities	194	–	–	–	–	194
Derivative payables	13,720	–	–	–	–	13,720
Other liabilities ⁽¹⁾	–	–	7,755	–	673	8,428
Debt issued	–	1,900	24,653	–	–	26,553
Financial liabilities	13,914	1,900	407,062	–	673	423,549
Non-financial liabilities						2,328
						425,877
Financial liabilities for life insurance funds	171	–	2,193	–	97,552	99,916
Non-financial liabilities for life insurance funds						77
Total liabilities						525,870

⁽¹⁾ Other liabilities include amounts due to associates.

39. Financial Assets and Financial Liabilities Classification (continued)

\$ million	BANK				Total
	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	
2024					
Cash and placements with central banks	–	–	30,525	–	30,525
Singapore government treasury bills and securities	1,834	–	4,786	6,562	13,182
Other government treasury bills and securities	1,725	–	3,919	5,552	11,196
Placements with and loans to banks	1,418	–	15,760	14,996	32,174
Loans to customers	–	–	227,598	–	227,598
Debt securities	4,973	–	773	16,639	22,385
Equity securities and investment funds	3,898	–	–	28	3,926
Debt and equity securities	8,871	–	773	16,667	26,311
Placements with and advances to subsidiaries	–	–	17,979	–	17,979
Derivative receivables	13,582	–	–	–	13,582
Other assets	–	–	3,962	–	3,962
Amounts due from associates	–	–	1	–	1
Financial assets	27,430	–	305,303	43,777	376,510
Non-financial assets					22,560
Total assets					399,070
Deposits of non-bank customers	–	58	253,117	–	253,175
Deposits and balances of banks	–	21	8,930	–	8,951
Deposits and balances of subsidiaries	–	–	46,602	–	46,602
Trading portfolio liabilities	222	–	–	–	222
Derivative payables	12,855	–	–	–	12,855
Other liabilities ⁽¹⁾	–	–	3,699	–	3,699
Debt issued	–	3,357	26,964	–	30,321
Financial liabilities	13,077	3,436	339,312	–	355,825
Non-financial liabilities					1,213
Total liabilities					357,038

⁽¹⁾ Other liabilities include amounts due to associates.

Notes to the Financial Statements

For the financial year ended 31 December 2024

39. Financial Assets and Financial Liabilities Classification (continued)

\$ million	BANK				Total
	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	
2023					
Cash and placements with central banks	–	–	28,450	–	28,450
Singapore government treasury bills and securities	1,721	–	3,338	12,773	17,832
Other government treasury bills and securities	1,531	–	3,304	5,969	10,804
Placements with and loans to banks	1,821	–	14,001	12,951	28,773
Loans to customers	10	–	207,498	–	207,508
Debt securities	3,917	–	822	14,530	19,269
Equity securities and investment funds	3,110	–	–	53	3,163
Debt and equity securities	7,027	–	822	14,583	22,432
Placements with and advances to subsidiaries	–	–	12,719	–	12,719
Derivative receivables	11,417	–	–	–	11,417
Other assets	–	–	3,077	–	3,077
Amounts due from associates	–	–	13	–	13
Financial assets	23,527	–	273,222	46,276	343,025
Non-financial assets					20,947
Total assets					363,972
Deposits of non-bank customers	–	–	236,151	–	236,151
Deposits and balances of banks	–	–	8,080	–	8,080
Deposits and balances of subsidiaries	–	–	38,828	–	38,828
Trading portfolio liabilities	194	–	–	–	194
Derivative payables	12,083	–	–	–	12,083
Other liabilities ⁽¹⁾	–	–	3,110	–	3,110
Debt issued	–	1,900	23,821	–	25,721
Financial liabilities	12,277	1,900	309,990	–	324,167
Non-financial liabilities					1,468
Total liabilities					325,635

⁽¹⁾ Other liabilities include amounts due to associates.

40. Fair Values of Financial Instruments

40.1 Valuation Governance Framework

The Group has an established governance framework with respect to the measurement of fair values, which includes formalised processes for the review and validation of fair values independent of the businesses entering into the transactions.

The Market Risk Management (MRM) function within the GRM is responsible for the model validation process. Financial models are used to price financial instruments and to calculate value-at-risk (VaR). MRM ensures that the models used are fit for their intended purposes through internal independent validation and periodic review. MRM sources market rates independently for risk measurement and valuation.

The Treasury Financial Control and Advisory – Valuation Control function within the Group Finance Division is responsible for the establishment of the overall valuation control framework. This includes, but is not limited to, reviewing and recommending appropriate valuation adjustment methodologies, independent price testing, and identifying valuation gaps.

Valuation policies are formulated and reviewed annually by the Valuation Control function, and approved by the Market Risk Management Committee, the CEO and BRMC. Valuation adjustments are applied to account for input parameter uncertainties, known model deficiencies and other factors that may affect valuation. The main valuation adjustments are described below.

Bid Offer Adjustments

When the position is marked at mid-price, bid offer adjustment is applied to account for close out cost.

Model Adjustments

Model adjustments are applied when there are inherent limitations in the valuation models used by the Bank.

Day 1 Profit or Loss Adjustments

Day 1 profit or loss adjustments are applied when the valuation technique involves the use of significant inputs which are not readily observable. The difference between the fair value at initial recognition and the transaction price is deferred as an adjustment.

The Day 1 profit or loss adjustments are released to the income statement when the significant inputs become observable, when the transaction is derecognised or amortised over the life of the transaction.

Credit Valuation Adjustments

Credit valuation adjustments are applied to account for the expected losses due to counterparty default on derivative positions.

Collateral Valuation Adjustments

Collateral valuation adjustments are applied when a derivative is denominated and discounted using a curve in the same currency but is collateralised in another currency.

Parameter Uncertainty Adjustments

These valuation adjustments mainly include adjustments for illiquid prices or internal methodologies used to derive model inputs.

The Group's internal audit provides independent assurance on the respective divisions' compliance with the policy.

Notes to the Financial Statements

For the financial year ended 31 December 2024

40. Fair Values of Financial Instruments (continued)

40.2 Fair Values

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

Financial Assets

Fair values of cash and balances with central banks, placements with banks, interest and other short term receivables are expected to approximate their carrying amounts due to their short tenor or frequent re-pricing.

Securities held by the Group, comprising government securities and debt and equity securities are substantially carried at fair value on the balance sheet.

Non-bank customer loans are mainly carried at amortised cost on the balance sheet, net of allowances for impaired and non-impaired loans. The Group deems that the carrying amounts of non-bank loans approximate their fair values as substantially all the loans are subject to frequent re-pricing.

Financial Liabilities

Fair value of certain financial liabilities, which include mainly customer deposits with no stated maturity, interbank borrowings and borrowings under repurchase agreements, are expected to approximate their carrying amounts due to their short tenor. For non-bank customer term deposits, contractual or derived cash flows are discounted at market rates as at reporting date to estimate the fair values, which approximate the carrying amounts.

The fair values of the Group's subordinated term notes and covered bonds are determined based on quoted market prices and independent broker offer prices. For other debts issued which are usually short term, the fair values approximate the carrying amounts.

40.3 Fair Value Hierarchy

The Group determines the fair values of its financial assets and liabilities using various measurements. The different levels of fair value measurements are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable market data either directly (i.e. as prices) or indirectly (i.e. derived from observable market data). The valuation techniques that use market parameters as inputs include, but are not limited to, yield curves, volatilities and foreign exchange rates; and
- Level 3 – inputs for the valuation that are not based on observable market data.

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

The following table summarises the Group's assets and liabilities measured at fair values subsequent to initial recognition by level of the fair value hierarchy:

\$ million	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
GROUP								
Financial assets measured at fair value								
Placements with and loans to banks	11,383	10,514	–	21,897	3,023	16,188	–	19,211
Debt and equity securities	31,176	9,405	2,059	42,640	25,235	7,604	2,930	35,769
Loans to customers	–	–	–	–	1	–	10	11
Derivative receivables	45	16,574	584	17,203	57	12,422	497	12,976
Government treasury bills and securities	28,766	5,502	–	34,268	32,973	4,862	–	37,835
Investment securities for life insurance funds	63,363	27,271	3,648	94,282	48,481	38,024	2,793	89,298
Total	134,733	69,266	6,291	210,290	109,770	79,100	6,230	195,100
Non-financial assets measured at fair value								
Investment properties for life insurance funds	–	–	1,939	1,939	–	–	1,881	1,881
Associates	–	–	68	68	–	–	95	95
Total	–	–	2,007	2,007	–	–	1,976	1,976
Financial liabilities measured at fair value								
Derivative payables	160	15,482	596	16,238	76	13,028	616	13,720
Trading portfolio liabilities	281	–	–	281	194	–	–	194
Debt issued/other deposits	–	3,436	–	3,436	–	1,900	–	1,900
Insurance contract liabilities and other liabilities for life insurance funds	237	458	–	695	7	164	–	171
Total	678	19,376	596	20,650	277	15,092	616	15,985
BANK								
Financial assets measured at fair value								
Placements with and loans to banks	8,957	7,457	–	16,414	2,580	12,192	–	14,772
Debt and equity securities	18,589	5,466	1,483	25,538	14,859	4,381	2,370	21,610
Loans to customers	–	–	–	–	–	–	10	10
Derivative receivables	32	13,000	550	13,582	17	10,932	468	11,417
Government treasury bills and securities	12,694	2,979	–	15,673	18,398	3,596	–	21,994
Total	40,272	28,902	2,033	71,207	35,854	31,101	2,848	69,803
Financial liabilities measured at fair value								
Derivative payables	145	12,133	577	12,855	41	11,428	614	12,083
Trading portfolio liabilities	222	–	–	222	194	–	–	194
Debt issued/other deposits	–	3,436	–	3,436	–	1,900	–	1,900
Total	367	15,569	577	16,513	235	13,328	614	14,177

During the financial year, the Group transferred financial assets from Level 2 to Level 1 as prices became observable arising from increased market activity. Financial assets were also transferred from Level 1 to Level 2 when quoted prices become unobservable arising from reduced market activity.

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For the financial year ended 31 December 2024

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Valuation Techniques and Unobservable Inputs for Level 3 Instruments

GROUP \$ million	Fair value at 31 December 2024	Classification	Valuation techniques	Unobservable inputs
Financial assets				
Equity securities	2,059	FVTPL/FVOCI	Net asset value/ Multiples/Discounted cash flows	Value of net asset/ Earnings and multiples/ Cash flows and discount rate
Loans to customers	–	FVTPL	Discounted cash flows	Cash flows and discount rate
Derivative receivables	584	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Yield curve
Investment securities for life insurance funds	3,648	FVTPL/FVOCI	Net asset value	Value of net asset
Total	6,291			

Financial liabilities				
Derivative payables	596	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Yield curve
Total	596			

GROUP \$ million	Fair value at 31 December 2023	Classification	Valuation techniques	Unobservable inputs
Financial assets				
Equity securities	2,930	FVTPL/FVOCI	Net asset value/ Multiples/Discounted cash flows	Value of net asset/ Earnings and multiples/ Cash flows and discount rate
Loans to customers	10	FVTPL	Discounted cash flows	Cash flows and discount rate
Derivative receivables	497	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Yield curve
Investment securities for life insurance funds	2,793	FVTPL/FVOCI	Net asset value	Value of net asset
Total	6,230			

Financial liabilities				
Derivative payables	616	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Yield curve
Total	616			

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities

GROUP \$ million	2024					Total
	Debt and equity securities	Loans to customers	Derivative receivables	Investment securities for life insurance funds		
Financial assets measured at fair value						
At 1 January	2,930	10	497	2,793		6,230
Additions	142	–	31	1,032		1,205
Settlements/disposals	(223)	(15)	(27)	(198)		(463)
Transfer out ⁽¹⁾	(461)	–	(108)	–		(569)
(Losses)/gains recognised in						
– profit or loss	(275)	5	179	21		(70)
– other comprehensive income	(54)	–	12	(#)		(42)
At 31 December	2,059	–	584	3,648		6,291
Unrealised (losses)/gains included in profit or loss for assets held at the end of the year	(291)	–	622	21		352

⁽¹⁾ Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.

GROUP \$ million	2023					Total
	Debt and equity securities	Loans to customers	Derivative receivables	Investment securities for life insurance funds		
Financial assets measured at fair value						
At 1 January	3,381	23	347	3,256		7,007
Additions	183	–	17	901		1,101
Settlements/disposals	(383)	(49)	(42)	(1,229)		(1,703)
Transfer out ⁽¹⁾	(48)	–	–	–		(48)
(Losses)/gains recognised in						
– profit or loss	(51)	36	180	(135)		30
– other comprehensive income	(152)	–	(5)	(#)		(157)
At 31 December	2,930	10	497	2,793		6,230
Unrealised (losses)/gains included in profit or loss for assets held at the end of the year	(53)	67	564	(138)		440

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2024			2023		
	Trading income	Other income	Total	Trading income	Other income	Total
Total (losses)/gains included in profit or loss for the year ended	(26)	(44)	(70)	165	(135)	30
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	396	(44)	352	578	(138)	440

⁽¹⁾ Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.

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For the financial year ended 31 December 2024

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

BANK \$ million	2024				2023			
	Debt and equity securities	Loans to customers	Derivative receivables	Total	Debt and equity securities	Loans to customers	Derivative receivables	Total
Financial assets measured at fair value								
At 1 January	2,370	10	468	2,848	2,615	23	332	2,970
Additions	62	–	30	92	173	–	17	190
Settlements/disposals	(203)	(15)	(27)	(245)	(307)	(49)	(43)	(399)
Transfer out ⁽¹⁾	(461)	–	(1)	(462)	(48)	–	–	(48)
(Losses)/gains recognised in								
– profit or loss	(264)	5	80	(179)	(40)	36	162	158
– other comprehensive income	(21)	–	–	(21)	(23)	–	–	(23)
At 31 December	1,483	–	550	2,033	2,370	10	468	2,848
Unrealised (losses)/ gains included in profit or loss for assets held at the end of the year	(280)	–	338	58	(41)	67	459	485

(Losses)/gains included in profit or loss are presented in the income statement as follows:

	2024		2023	
	Trading income	Total	Trading income	Total
Total (losses)/gains included in profit or loss for the year ended	(179)	(179)	158	158
Unrealised gains included in profit or loss for assets held at the end of the year	58	58	485	485

⁽¹⁾ Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

\$ million	GROUP				BANK			
	2024		2023		2024		2023	
	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Financial liabilities measured at fair value								
At 1 January	616	616	283	283	614	614	276	276
Additions	30	30	60	60	31	31	59	59
Settlements/disposals	(27)	(27)	(59)	(59)	(27)	(27)	(59)	(59)
Transfer out ⁽¹⁾	(117)	(117)	–	–	(11)	(11)	–	–
Losses/(gains) recognised in								
– profit or loss	82	82	337	337	(30)	(30)	338	338
– other comprehensive income	12	12	(5)	(5)	–	–	–	–
At 31 December	596	596	616	616	577	577	614	614
Unrealised losses included in profit or loss for liabilities held at the end of the year	(524)	(524)	(714)	(714)	(235)	(235)	(637)	(637)

⁽¹⁾ Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.

(Losses)/gains included in profit or loss are presented in the income statements as follows:

\$ million	GROUP				BANK			
	2024		2023		2024		2023	
	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total (losses)/gains included in profit or loss for the year ended	(82)	(82)	(337)	(337)	30	30	(338)	(338)
Unrealised losses included in profit or loss for liabilities held at the end of the year	(524)	(524)	(714)	(714)	(235)	(235)	(637)	(637)

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For the financial year ended 31 December 2024

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Non-Financial Assets

\$ million	GROUP					
	2024			2023		
	Investment properties for life insurance funds ⁽¹⁾	Associates ⁽²⁾	Total	Investment properties and asset held for sale for life insurance funds ⁽¹⁾	Associates ⁽²⁾	Total
Non-financial assets measured at fair value						
At 1 January	1,881	95	1,976	1,954	122	2,076
Additions	7	–	7	–	8	8
Disposals	–	–	–	(71)	–	(71)
Gains/(losses) recognised in						
– profit or loss	34	(32)	2	16	(27)	(11)
– other comprehensive income	17	5	22	(18)	(8)	(26)
At 31 December	1,939	68	2,007	1,881	95	1,976

⁽¹⁾ The fair value of investment properties and asset held for sale is determined based on a combination of income approach, comparison approach and capitalisation approach under Level 3 fair value measurements.

⁽²⁾ The fair value of investment in associate is determined based on income approach under Level 3 fair value measurements.

41. Offsetting Financial Assets and Financial Liabilities

The Group enters into master netting arrangements with counterparties in its normal course of business. 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. These arrangements do not qualify for net presentation on the balance sheet as the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not presented net in the Group's balance sheet but are subject to enforceable master netting agreement or similar arrangement that covers similar financial instruments. The disclosures enable the evaluation on the potential effect of netting arrangements as well as provide additional information on how such credit risk is mitigated.

GROUP	Related amounts <u>not</u> offset on balance sheet					
	Carrying amounts on balance sheet (A)	Amounts not subject to netting agreement (B)	Amounts subject to netting agreement (A - B = C + D + E)	Financial instruments (C)	Collateral (D)	Net amounts in scope (E)
Types of financial assets/liabilities \$ million						
2024						
Financial assets						
Derivative receivables	17,203	5,977	11,226	3,032	835	7,359
Reverse repurchase agreements	8,361 ⁽¹⁾	2,357	6,004	5,932	–	72
Securities borrowings	115 ⁽²⁾	114	1	1	–	–
Total	25,679	8,448	17,231	8,965	835	7,431
Financial liabilities						
Derivative payables	16,238	4,913	11,325	3,032	1,268	7,025
Repurchase agreements	5,014	2,529	2,485	2,468	–	17
Securities lendings	–	–	–	–	–	–
Total	21,252	7,442	13,810	5,500	1,268	7,042
2023						
Financial assets						
Derivative receivables	12,976	972	12,004	6,857	465	4,682
Reverse repurchase agreements	6,947 ⁽¹⁾	4,226	2,721	2,689	–	32
Securities borrowings	8 ⁽²⁾	8	#	#	–	–
Total	19,931	5,206	14,725	9,546	465	4,714
Financial liabilities						
Derivative payables	13,720	1,309	12,411	6,857	1,221	4,333
Repurchase agreements	5,388 ⁽³⁾	3,202	2,186	2,167	–	19
Securities lendings	–	–	–	–	–	–
Total	19,108	4,511	14,597	9,024	1,221	4,352

(1) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers and other assets. These transactions are measured either at fair value or amortised cost.

(2) Cash collateral placed under securities borrowings are presented under placements with and loans to banks and other assets on the balance sheet, and are measured at amortised cost.

(3) Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers and other liabilities, and are measured at amortised cost.

Notes to the Financial Statements

For the financial year ended 31 December 2024

41. Offsetting Financial Assets and Financial Liabilities (continued)

Types of financial assets/liabilities \$ million	Carrying amounts on balance sheet (A)	Amounts not subject to netting agreement (B)	Amounts subject to netting agreement (A - B = C + D + E)	Related amounts <u>not</u> offset on balance sheet		Net amounts in scope (E)
				Financial instruments (C)	Collateral (D)	
BANK						
2024						
Financial assets						
Derivative receivables	13,582	5,200	8,382	3,307	1,118	3,957
Reverse repurchase agreements	7,739	1,739	6,000	5,928	–	72
Securities borrowings	6	6	–	–	–	–
Total	21,327	6,945	14,382	9,235	1,118	4,029
Financial liabilities						
Derivative payables	12,855	4,654	8,201	3,307	1,186	3,708
Repurchase agreements	2,536	51	2,485	2,468	–	17
Total	15,391	4,705	10,686	5,775	1,186	3,725
2023						
Financial assets						
Derivative receivables	11,417	412	11,005	6,752	752	3,501
Reverse repurchase agreements	4,935 ⁽¹⁾	2,221	2,714	2,682	–	32
Securities borrowings	8 ⁽²⁾	8	–	–	–	–
Total	16,360	2,641	13,719	9,434	752	3,533
Financial liabilities						
Derivative payables	12,083	1,100	10,983	6,752	765	3,466
Repurchase agreements	2,232 ⁽³⁾	46	2,186	2,167	–	19
Total	14,315	1,146	13,169	8,919	765	3,485

(1) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers and other assets. These transactions are measured either at fair value or amortised cost.

(2) Cash collateral placed under securities borrowings are presented under placements with and loans to banks on the balance sheet, and are measured at amortised cost.

(3) Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers and other liabilities, and are measured at amortised cost.

42. Contingent Liabilities

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on receipt of bills of exchange drawn. The Group issues guarantees on the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on presentation of stipulated documents. As the Group will only be required to meet these obligations in the event of customer's default, the cash requirements of these instruments are expected to be considerably below their nominal contractual amounts.

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Guarantees and standby letters of credit:				
Term to maturity of one year or less	7,194	7,222	5,589	5,770
Term to maturity of more than one year	4,370	4,186	3,602	3,441
	11,564	11,408	9,191	9,211
Acceptances and endorsements	764	506	502	281
Documentary credits and other short term trade-related transactions	6,468	6,570	4,653	4,874
	18,796	18,484	14,346	14,366

42.1 Analysed by Industry

Agriculture, mining and quarrying	83	62	37	12
Manufacturing	2,372	1,991	1,274	1,187
Building and construction	2,108	2,213	1,367	1,555
General commerce	9,872	10,441	8,194	8,659
Transport, storage and communication	576	468	329	358
Financial institutions, investment and holding companies	2,356	1,709	1,979	1,309
Professionals and individuals	252	218	37	35
Others	1,177	1,382	1,129	1,251
	18,796	18,484	14,346	14,366

42.2 Analysed by Geography

Singapore	12,408	12,488	12,288	12,294
Malaysia	1,292	1,060	7	7
Indonesia	1,116	1,000	–	–
Greater China	2,659	2,637	712	749
Other Asia Pacific	243	224	261	241
Rest of the World	1,078	1,075	1,078	1,075
	18,796	18,484	14,346	14,366

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

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43. Commitments

Commitments comprise mainly agreements to provide credit facilities to customers. Such credit facilities (cancellable and non-cancellable) can either be made for a fixed period, or have no specific maturity.

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
43.1 Credit Commitments				
Undrawn credit facilities:				
Term to maturity of one year or less	159,074	152,568	81,141	75,198
Term to maturity of more than one year	37,368	34,602	48,621	44,357
	196,442	187,170	129,762	119,555
43.2 Other Commitments				
Capital commitment authorised and contracted	716	467	469	477
Forward deposits and assets purchase	3,871	134	4,300	215
	4,587	601	4,769	692
43.3 Total Commitments	201,029	187,771	134,531	120,247
43.4 Credit Commitments Analysed by Industry				
Agriculture, mining and quarrying	1,444	2,853	815	2,305
Manufacturing	13,548	13,867	7,339	7,254
Building and construction	19,669	27,233	15,769	23,569
General commerce	31,486	31,761	25,734	26,221
Transport, storage and communication	6,764	7,644	5,377	6,140
Financial institutions, investment and holding companies	58,722	39,354	49,082	28,347
Professionals and individuals	56,990	54,479	19,014	17,268
Others	7,819	9,979	6,631	8,451
	196,442	187,170	129,761	119,555
43.5 Credit Commitments Analysed by Geography				
Singapore	140,850	139,022	105,115	99,925
Malaysia	10,954	10,123	1,040	1,307
Indonesia	6,814	6,550	–	–
Greater China	22,056	19,589	7,809	6,408
Other Asia Pacific	3,790	3,311	3,816	3,337
Rest of the World	11,978	8,575	11,981	8,578
	196,442	187,170	129,761	119,555

Credit commitments analysed by geography is based on the country where the transactions are recorded.

44. Unconsolidated Structured Entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Group. The Group's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions. The Group's maximum exposure to loss is primarily limited to the carrying amount on its balance sheet and loan and capital commitments to these structured entities.

The following table summarises the carrying amount of the assets and liabilities recognised in the Group's financial statements relating to the interests in unconsolidated structured entities undertaken by business segments.

GROUP (\$ million)	Global investment banking	Insurance	Others	Total
2024				
FVOCI investments	13	–	–	13
FVTPL investments	5	190	9	204
Other assets	–	7	–	7
Total assets	18	197	9	224
Other liabilities	–	–	–	–
Total liabilities	–	–	–	–
Other commitments				
Loan and capital commitments authorised and contracted ⁽¹⁾	9	–	–	9
Income earned from sponsored structured entities ⁽²⁾	#	58	1	59
Assets of structured entities	195	9,545	2,515	12,255
2023				
FVOCI investments	41	–	–	41
FVTPL investments	4	97	9	110
Other assets	–	5	–	5
Total assets	45	102	9	156
Other liabilities	–	–	–	–
Total liabilities	–	–	–	–
Other commitments				
Loan and capital commitments authorised and contracted ⁽¹⁾	11	–	–	11
Income earned from sponsored structured entities ⁽²⁾	1	51	1	53
Assets of structured entities	400	6,297	1,268	7,965

⁽¹⁾ These were also included in the Group's capital commitments authorised and contracted in Note 43.

⁽²⁾ The income earned relates primarily to management fee, interest income or fair value gains or losses recognised by the Group arising from the interests held by the Group in the unconsolidated investment funds.

The amount of assets transferred to sponsored entities during 2024 and 2023 were not significant.

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For the financial year ended 31 December 2024

45. Financial Assets Transferred

45.1 Assets Pledged

	GROUP		BANK	
	2024 \$ million	2023 \$ million	2024 \$ million	2023 \$ million
Government treasury bills and securities				
– Singapore	707	425	707	525
– Others	4,483	3,117	2,643	1,780
Placements with and loans to banks	312	10	976	–
Loans to customers	774	538	663	451
Debt securities	2,511	2,761	1,954	1,848
Cash collateral	2,241	2,027	1,611	1,519
	11,028	8,878	8,554	6,123
Obligations to repurchase assets pledged	4,418	4,231	3,308	2,169

- (a) The amounts received from repurchase transactions are recognised as collateralised borrowings, “obligations to repurchase assets pledged”, measured at amortised cost and included in deposits of banks and non-bank customers and other liabilities on the balance sheet. The above assets pledged as collateral for repurchase transactions are not derecognised but are presented separately on the balance sheet.
- (b) The amounts paid in reverse repurchase transactions are recognised as collateralised lendings, measured at amortised cost and included in loans to banks and non-bank customers as appropriate. The financial assets accepted as collateral for reverse repurchase transactions are not recognised as assets on the balance sheet. The fair value of financial assets accepted as collateral, which the Group is permitted to sell or re-pledge in the absence of default is \$9.07 billion (2023: \$6.55 billion), of which \$0.21 billion (2023: \$0.07 billion) have been sold or re-pledged. The fair value of financial assets accepted as collateral, which the Bank is permitted to sell or re-pledge in the absence of default is \$8.97 billion (2023: \$5.67 billion), of which \$0.21 billion (2023: \$0.07 billion) have been sold or re-pledged. The Group is obliged to return equivalent assets.
- (c) Transactions are conducted under terms and conditions that are usual and customary to standard securities lending (equivalent to repurchase transactions) and securities borrowing (equivalent to reverse repurchase transactions).

45.2 Assets Assigned as Security for Covered Bonds Issued (Note 21.5)

Pursuant to the Bank’s Global Covered Bond Programme, selected pools of Singapore housing loans originated by the Bank have been assigned to a bankruptcy-remote structured entity, Red Sail Pte. Ltd. (Note 33.3). These housing loans continue to be recognised on the Bank’s balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2024, the carrying amounts of the covered bonds in issue was \$698 million (2023: \$698 million), while the carrying amounts of assets assigned was \$5.49 billion (2023: \$7.07 billion). The difference in values is attributable to an intended over-collateralisation required to maintain the credit ratings of the covered bonds in issue, and additional assets assigned to facilitate future issuances.

46. Related Party Transactions

Loans and deposits transactions with related parties arise from the ordinary course of business and are not treated any differently from loans and deposits transactions with other customers of the Group. Credit facilities granted are subject to the same credit evaluation, approval, monitoring and reporting processes. All transactions with related parties are conducted on commercial terms.

46.1 Material Related Party Transactions

Material related party balances at the reporting date and transactions during the financial year were as follows:

\$ million	GROUP			BANK	
	Associates	Life insurance funds	Subsidiaries	Associates	Life insurance funds
(a) Loans, placements and other receivables					
At 1 January 2024	14	747	12,719	13	154
Net change	(13)	122	5,259	(12)	(64)
At 31 December 2024	1	869	17,978	1	90
(b) Deposits, borrowings and other payables					
At 1 January 2024	276	937	38,828	186	635
Net change	48	(78)	7,774	45	12
At 31 December 2024	324	859	46,602	231	647
(c) Off-balance sheet credit facilities ⁽¹⁾					
At 1 January 2024	–	4	15,975	–	4
Net change	–	3	2,438	–	3
At 31 December 2024	–	7	18,413	–	7
(d) Income statement transactions					
Year ended 31 December 2024					
Interest income	#	34	392	#	3
Interest expense	9	17	1,860	7	15
Rental income	–	2	36	–	#
Fee and commission and other income	–	239	279	–	187
Other income – disposal of properties	–	–	965	–	–
Rental and other expenses	22	53	767	22	1
Year ended 31 December 2023					
Interest income	#	19	445	#	1
Interest expense	8	11	1,562	7	3
Rental income	–	2	35	–	#
Fee and commission and other income	–	244	94	–	185
Rental and other expenses	20	21	674	20	1

⁽¹⁾ Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.

During the financial year, the Group had banking transactions with director-related and key management-related entities and personnel of the Group. These transactions were not material.

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46. Related Party Transactions (continued)

46.2 Key Management Personnel Compensation

	BANK	
	2024 \$ million	2023 \$ million
Key management personnel compensation is as follows:		
Short-term employee benefits	45	50
Share-based benefits	16	6
	61	56

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2024 included in the above table are subject to the approval of the Remuneration Committee.

Comparatives have been updated following the approval of the performance-related payments to key management personnel of the Bank in relation to the performance year 2023 by the Remuneration Committee.

47. Capital Management

The key objective of the Group's capital management policy is to maintain a strong capital position to support business growth and strategic investments, and to sustain investor, depositor, customer and market confidence. In line with this, the Group targets a minimum credit rating of "A" and ensures that its capital ratios are comfortably above the regulatory minima, while balancing shareholders' desire for sustainable returns and high standards of prudence. The Group actively manages its capital composition with an optimal mix of capital instruments in order to keep its overall cost of capital low.

A description of the key terms and conditions of the regulatory capital instruments can be found in Notes 13, 14 and 21 of the financial statements, and the approaches adopted by the Group for the computation of risk-weighted assets can be found in the "Pillar 3 Disclosures" chapter.

The Group has complied with all externally imposed regulatory capital requirements.

48. New Accounting Standards and Interpretations

As of the reporting date, certain new standards, amendments and interpretations to existing accounting standards have been published. The Group has not adopted the following relevant new/revised financial reporting standards and interpretations that have been issued but not yet effective.

SFRS(I)	Title	Effective for financial year beginning on or after
SFRS(I) 1-21 (Amendments), SFRS(I) 1 (Amendments)	<i>Lack of Exchangeability</i>	1 January 2025
SFRS(I) 10 (Amendments), SFRS(I) 1-28 (Amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 9 (Amendments), SFRS(I) 7 (Amendments)	<i>Classification and Measurement of Financial Instruments – Amendments to SFRS(I) 9 and SFRS(I) 7</i>	1 January 2026
SFRS(I) 9 (Amendments), SFRS(I) 7 (Amendments)	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Various	<i>Annual Improvements to SFRS(I)s – Volume 11</i>	1 January 2026
SFRS(I) 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
SFRS(I) 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Based on the Group's preliminary analysis, the initial application of the above standards (including their consequential amendments) and interpretations are not expected to have a significant impact on the Group's financial statements except as described below.

SFRS(I) 18 Presentation and Disclosure in Financial Statements

SFRS(I) 18 will replace SFRS(I) 1-1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. While SFRS(I) 18 does not impact the recognition and measurement of items in the financial statements, it impacts the presentation and disclosure of the income statement and introduces additional disclosure requirements, in particular those related to the income statement and providing management-defined performance measures within the financial statements.

The Group is currently assessing the impact of applying the new standard on the Group's consolidated financial statements, particularly with respect to the structure of the Group's income statement, disclosure of management-defined performance measures and other additional disclosure requirements.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required. Therefore, comparative information for the financial year ending 31 December 2026 will be restated in accordance with SFRS(I) 18.