OFFER DOCUMENT DATED 31 MAY 2024

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Offer (as defined herein), you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

J.P. Morgan Securities Asia Private Limited ("**J.P. Morgan**") is acting for and on behalf of Oversea-Chinese Banking Corporation Limited ("**Offeror**") and does not purport to advise the shareholders of Great Eastern Holdings Limited ("**Company**" or "**GEH**").

If you have sold or transferred all your issued ordinary shares in the capital of GEH ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward the Form of Acceptance and Authorisation ("**FAA**") to the purchaser or the transferee, as CDP will arrange for a separate FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not held through CDP, you should immediately hand the Form of Acceptance and Transfer ("**FAT**") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or the transferee.

The views of the directors of GEH who are considered independent for the purposes of the Offer ("**Independent Directors**") and the independent financial adviser to the Independent Directors on the Offer will be made available to you in due course. You may wish to consider their views before taking action in relation to the Offer.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

VOLUNTARY UNCONDITIONAL GENERAL OFFER

by

J.P.Morgan

J.P. Morgan Securities Asia Private Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300590K)

for and on behalf of

OCBC

Oversea-Chinese Banking Corporation Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 193200032W)

for

Great Eastern Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 199903008M)

ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 28 JUNE 2024 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

The procedures for acceptance of the Offer are set out in **Appendix 2** to this Offer Document and in the accompanying FAA and FAT.

CONTENTS

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document and the Relevant Acceptance Forms (as defined herein):

"**Accepting Shareholders**"	:	Shall have the meaning ascribed to it in **Section 2.5** of the Letter to Shareholders in this Offer Document
"**Announcement Date**"	:	10 May 2024, being the date of the Offer Announcement
"**Business Day**"	:	A day (other than Saturday or Sunday) on which banks are open for general business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**CDP Operation of Securities Account Terms**"	:	The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions, as amended from time to time
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act 1967 of Singapore
"**Company**" or "**GEH**"	:	Great Eastern Holdings Limited (Company Registration No. 199903008M)
"**CPF**"	:	The Central Provident Fund
"**CPF Agent Banks**"	:	The banks approved by CPF to be its agent banks, being DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
"**CPFIS**"	:	CPF Investment Scheme
"**CPFIS Investors**"	:	Investors who purchase Shares using their CPF savings under the CPFIS
"**Date of Receipt**"	:	Shall have the meaning ascribed to it in **paragraph 1.1(i)(a)(2)** of **Appendix 2**
"**DCS**"	:	Direct Crediting Service
"**Despatch Date**"	:	31 May 2024, being the date of electronic dissemination of this Offer Document to Shareholders
"**Dissenting Shareholders**"	:	Shall have the meaning ascribed to it in **Section 11.2** of the Letter to Shareholders in this Offer Document

"**Distributions**"	:	Any dividends, rights, other distributions and/or return of capital, whether in cash or in kind
"**Electronic Acceptance**"	:	The SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents
"**Encumbrance**"	:	Any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or any agreement, arrangement or obligation to create any of the foregoing
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of this Offer Document
"**FAT**"	:	Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of this Offer Document
"**FHC Act**"	:	The Financial Holding Companies Act 2013 of Singapore
"**Free Float Requirement**"	:	Shall have the meaning ascribed to it in **Section 11.1** of the Letter to Shareholders in this Offer Document
"**FY21**"	:	The financial year ended 31 December 2021
"**FY22**"	:	The financial year ended 31 December 2022
"**FY23**"	:	The financial year ended 31 December 2023
"**FY23 Final Dividend**"	:	Shall have the meaning ascribed to it in **Section 2.5** of the Letter to Shareholders in this Offer Document
"**FY24**"	:	The financial year ending 31 December 2024
"**GEH Group**"	:	GEH and its subsidiaries
"**Independent Directors**"	:	The directors of GEH who are considered independent for the purposes of the Offer
"**J.P. Morgan**"	:	J.P. Morgan Securities Asia Private Limited (Company Registration No. 197300590K)
"**Last Trading Date**"	:	9 May 2024, being the last full trading day of the Shares on the SGX-ST prior to the Announcement Date

"**Latest Practicable Date**"	:	24 May 2024, being the latest practicable date prior to the electronic dissemination of this Offer Document to Shareholders
"**Listing Manual**"	:	The SGX-ST Listing Manual
"**Market Day**"	:	A day on which the SGX-ST is open for the trading of securities
"**MAS**"	:	The Monetary Authority of Singapore
"**Notification**"	:	Shall have the meaning ascribed to it in **Section 1.2** of the Letter to Shareholders in this Offer Document
"**Offer**"	:	The voluntary unconditional general offer made by the Offeror for the Offer Shares on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Announcement**"	:	The announcement relating to the Offer released by the Offeror on the Announcement Date
"**Offer Document**"	:	This document dated 31 May 2024, including the FAA and FAT, and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update the document(s) from time to time
"**Offer Price**"	:	SGD25.60 for each Offer Share
"**Offer Shares**"	:	All Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries
"**Offeror**"	:	Oversea-Chinese Banking Corporation Limited (Company Registration No. 193200032W)
"**Offeror Directors**"	:	The directors of the Offeror as at the Latest Practicable Date
"**Offeror Group**"	:	The Offeror and its subsidiaries
"**Offeror 1Q24 Results**"	:	The unaudited consolidated interim results of the Offeror for 1Q24
"**Overseas Shareholders**"	:	Shall have the meaning ascribed to it in **Section 15.1** of the Letter to Shareholders in this Offer Document
"**Register**"	:	The register of holders of Shares, as maintained by the Registrar

"**Registrar**" or "**Receiving Agent**"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"**Relevant Acceptance Forms**"	:	The FAA and/or the FAT, as the case may be
"**Relevant Parties**"	:	Shall have the meaning ascribed to it in **Section 13.1** of the Letter to Shareholders in this Offer Document
"**Relevant Period**"	:	The period commencing on 10 February 2024, being the date falling three months prior to the Announcement Date, and ending on the Latest Practicable Date
"**Relevant Persons**"	:	Shall have the meaning ascribed to it in **paragraph 3.8** of **Appendix 2** to this Offer Document
"**Relevant Securities**"	:	(i) Shares, (ii) securities which carry voting rights in GEH or (iii) convertible securities, warrants, options, awards or derivatives in respect of the Shares or securities which carry voting rights in GEH
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"**Settled Shares**"	:	Shall have the meaning ascribed to it in **paragraph 1.1(i)(b)** of **Appendix 2** to this Offer Document
"**SFA**"	:	The Securities and Futures Act 2001 of Singapore
"**SFRS(I)**"	:	The Singapore Financial Reporting Standards (International)
"**SGD**" or "**S$**" and "**cents**"	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
"**SGXNET**"	:	Singapore Exchange Network
"**SGX-SFG**"	:	SGX-ST's Secure File Gateway
"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Holders of Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued ordinary shares in the capital of GEH
"**SIC**"	:	The Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under SRS

"**SRS Investors**"	:	Investors who purchase Shares pursuant to SRS
"**United States**" or "**U.S.**"	:	The United States of America, its territories and possessions, any state of the United States and the District of Columbia
"**Unsettled Buy Position**"	:	Shall have the meaning ascribed to it in **paragraph 1.1(i)(b)** of **Appendix 2** to this Offer Document
"**U.S. Exchange Act**"	:	The U.S. Securities Exchange Act of 1934, as amended
"**VWAP**"	:	Volume weighted average price
"**1Q24**"	:	The first quarter of FY24 ended 31 March 2024
"**%**" or "**per cent.**"	:	Percentage or per centum

Acting in Concert. The expression "**acting in concert**" shall have the same meaning ascribed to it in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by J.P. Morgan or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors, etc. The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and vice versa. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

Rounding. Any discrepancies in the tables in this Offer Document between the listed amounts and the totals thereof are due to rounding. Accordingly, any figure shown as a total may not be an arithmetic aggregation of the figures that precede it.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Offer Document are, as the context so determines, to Shareholders.

Statutes. Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification, as the case may be, unless the context otherwise requires.

Subsidiaries, Related Corporations. The expressions "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date respectively unless otherwise specified.

Total Number of Shares and Percentage. In this Offer Document, the total number of Shares is a reference to a total of 473,319,069 Shares[1] in issue as at the Latest Practicable Date unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of GEH in this Offer Document are based on 473,319,069 Shares[1] in issue as at the Latest Practicable Date.

[1] GEH has no treasury shares.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Offer Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future and conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of GEH and shareholders and investors of the Offeror should not place undue reliance on such forward-looking statements. Neither the Offeror nor J.P. Morgan guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

J.P.Morgan

J.P. Morgan Securities Asia Private Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 197300590K)

31 May 2024

To: Shareholders of Great Eastern Holdings Limited

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL GENERAL OFFER BY J.P. MORGAN, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **Offer Announcement.** On 10 May 2024, being the Announcement Date, J.P. Morgan announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional general offer for all the Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries ("**Offer Shares**") at SGD25.60 per Offer Share, in accordance with Section 139 of the SFA and Rule 15 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 **Offer Document.** This Offer Document contains the formal offer by J.P. Morgan, for and on behalf of the Offeror, to acquire all the Offer Shares. This Offer Document has been electronically disseminated to Shareholders on the Despatch Date by way of publication on the website of the SGX-ST at www.sgx.com. **Shareholders are urged to read this Offer Document carefully.**

In connection with the electronic dissemination of this Offer Document, a hardcopy notification ("**Notification**") containing addresses and instructions for the electronic retrieval of this Offer Document and its related documents has been posted to Shareholders, together with the Relevant Acceptance Forms and a pre-addressed envelope which is pre-paid for posting in Singapore only.

2. TERMS OF THE OFFER

2.1 **Offer.** The Offeror hereby makes the Offer to acquire all the Offer Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

2.2 **Offer Shares.** The Offer is extended to all Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries.

2.3 **Offer Consideration.** The consideration for Offer Shares validly tendered in acceptance of the Offer is:

For each Offer Share: SGD25.60 in cash ("Offer Price").

2.4 **No Encumbrances.** The Offer Shares will be acquired:

(i) fully paid;

(ii) free from any Encumbrances; and

(iii) save as provided in **Section 2.5** of the Letter to Shareholders in this Offer Document, together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by GEH in respect of the Offer Shares on or after the Announcement Date.

2.5 **Adjustments for Distributions.** A final one-tier tax exempt dividend of 40 cents per Share in respect of FY23 ("**FY23 Final Dividend**") was recommended by the directors of GEH and approved by Shareholders. The books closure date for determination of entitlement to the FY23 Final Dividend was 2 May 2024 and the FY23 Final Dividend was paid on 17 May 2024. The Offeror will not make any deductions from the Offer Price for the FY23 Final Dividend. Shareholders who validly accept or have validly accepted the Offer ("**Accepting Shareholders**") and have received the FY23 Final Dividend will retain the FY23 Final Dividend.

2.6 **Unconditional Offer. The Offer is unconditional in all respects.**

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

(i) fully paid;

(ii) free from any Encumbrances; and

(iii) save as provided in **Section 2.5** of the Letter to Shareholders in this Offer Document, together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by GEH in respect of the Offer Shares on or after the Announcement Date.

4. DETAILS OF THE OFFER

Appendix 1 to this Offer Document sets out further details on the:

(i) duration of the Offer;

(ii) settlement of the consideration for the Offer;

(iii) requirements relating to the announcement of the level of acceptances of the Offer; and

(iv) right of withdrawal of acceptances of the Offer.

5. PROCEDURES FOR ACCEPTANCE

Appendix 2 to this Offer Document sets out the procedures for acceptance of the Offer by a Shareholder. Under the Code, the Offeror is required to make payment of the Offer Price to each Accepting Shareholder within seven Business Days after the date of receipt by the Offeror of valid acceptances and all other relevant documents from such Accepting Shareholder. **However, the Offeror will endeavour to make payment within five Business Days after the date of receipt of such valid acceptances and relevant documents from each Accepting Shareholder.**

6. INFORMATION ON THE OFFEROR

6.1 **The Offeror.** The Offeror was incorporated in Singapore on 31 October 1932 and is listed on the Mainboard of the SGX-ST. The Offeror Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services. The Offeror Group's key markets comprise Singapore, Malaysia, Indonesia and Greater China, with close to 420 branches and representative offices in 19 countries and regions.

6.2 **Market Capitalisation and Share Capital.** As at the Latest Practicable Date, the Offeror has a market capitalisation of SGD65.0 billion and an issued and fully paid-up share capital of SGD18.6 billion, comprising 4,514,941,829 Offeror shares (including 15,069,676 treasury shares).

6.3 **Shareholding in GEH.** As at the Latest Practicable Date, the Offeror owns 418,586,759[2] Shares, representing approximately 88.44 per cent. of the Shares in the capital of GEH.

6.4 **Directors.** As at the Latest Practicable Date, the Offeror Directors are:

Name	Description
Lee Kok Keng Andrew	Chairman, Non-Executive Independent Director
Chong Chuan Neo	Non-Executive Independent Director
Chua Kim Chiu	Non-Executive Independent Director
Khoo Cheng Hoe Andrew	Non-Executive Independent Director
Lee Tih Shih	Non-Executive Non-Independent Director
Christina Hon Kwee Fong (Christina Ong)	Non-Executive Independent Director
Seck Wai Kwong	Non-Executive Independent Director
Pramukti Surjaudaja	Non-Executive Non-Independent Director
Tan Yen Yen	Non-Executive Independent Director
Wong Pik Kuen Helen	Executive Non-Independent Director

6.5 **Additional Information. Appendix 3** to this Offer Document sets out additional information on the Offeror.

[2] Shares registered in the name of Citibank Nominees Singapore Pte Ltd. This excludes the Offeror's deemed interest in 56,900 Shares held by its subsidiary, BOS Trustee Limited, as trustee of The SOME Trust for 49,900 Shares and as trustee of The Kudzu 2022 Trust for 7,000 Shares.

7. INFORMATION ON GEH

7.1 **GEH.** GEH is an investment holding company and has been listed on the SGX-ST since 29 November 1999. Founded in 1908, the GEH Group is a well-established market leader and trusted brand for insurance products and related financial advisory services in Singapore and Malaysia. The GEH Group also operates in Indonesia and Brunei. The GEH Group provides insurance solutions to customers through three distribution channels – a tied agency force, bancassurance, and financial advisory firm, Great Eastern Financial Advisers. GEH's asset management subsidiary, Lion Global Investors Limited, is an asset management company that provides Asian-centric investment solutions.

7.2 **Market Capitalisation and Share Capital.** As at the Latest Practicable Date, based on the latest information available to the Offeror[3], GEH has a market capitalisation of SGD12.3 billion and an issued and fully paid-up share capital of SGD152.7 million, comprising 473,319,069 Shares[4].

7.3 **Directors.** As at the Latest Practicable Date, the directors of GEH are:

Name	Description
Soon Tit Koon	Chairman, Non-Executive Independent Director
Chong Yoke Sin	Non-Executive Independent Director
Lee Fook Sun	Non-Executive Independent Director
Lee Lap Wah, George[5]	Non-Executive Independent Director
Lee Kok Keng Andrew	Non-Executive Non-Independent Director
Lim Kuo Yi	Non-Executive Independent Director
Ng Chee Peng	Non-Executive Independent Director
Tam Chee Chong	Non-Executive Independent Director
Teoh Lian Ee	Non-Executive Independent Director
Wong Pik Kuen Helen	Non-Executive Non-Independent Director

7.4 **Additional Information. Appendix 4** to this Offer Document sets out additional information on GEH.

8. RATIONALE FOR THE OFFER

8.1 Offer is in line with the Offeror's corporate strategy and strengthens its business pillars of banking, wealth management and insurance

First announced in 2022, the Offeror's corporate strategy is focused on four growth drivers to capture regional trade, investment and wealth flows. One of the growth drivers is to capture rising Asian wealth with its Singapore-Hong Kong-Dubai hubs and digital propositions.

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3 Based on the business profile of GEH extracted from the Accounting and Corporate Regulatory Authority of Singapore on the Latest Practicable Date and various announcements by GEH on SGXNET as at the Latest Practicable Date.

4 GEH has no treasury shares.

5 Lee Lap Wah, George is also a director of OCBC Bank (Malaysia) Berhad, a subsidiary of the Offeror.

In a fast-growing region that has seen rising demand for products and solutions to enhance and preserve wealth, bringing GEH even closer to the Offeror reinforces its long-term vision of becoming the leading wealth management player.

As the GEH Group has been part of the Offeror's stable of companies for decades, the Offeror and the GEH Group share a synergistic relationship. The Offeror is able to customise a full suite of investment, insurance and estate planning solutions for its customers, while the GEH Group has benefited from its access to the Offeror's extensive retail and commercial customer base.

8.2 Offer enhances returns and optimises capital

The Offer is expected to be earnings accretive to the Offeror[6]. GEH provides diversification to the Offeror's earnings base to deliver balanced earnings growth through economic cycles. The GEH Group has contributed an average of about SGD700 million annually in net profit to the Offeror over the past ten years, which translates to an average of about 15 per cent. of the Offeror's yearly net profit over this period.

The Offer presents an opportunity for the Offeror to deploy its capital to generate greater returns for its shareholders. By increasing its investment in GEH, the Offeror can further capture the benefits from ongoing synergies and have a greater share of GEH's value.

9. OFFEROR'S INTENTIONS FOR GEH

It is the intention of the Offeror to continue to develop and grow the businesses of the GEH Group. The Offeror has no current intentions to (i) introduce any major changes to the existing business of GEH, (ii) to redeploy the fixed assets of GEH or (iii) discontinue the employment of the existing employees of the GEH Group, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility to at any time consider undertaking a strategic and operational review of GEH with a view to realising synergies, economies of scale, cost efficiencies and growth potential.

10. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over certain historical market prices of the Shares as set out below:

Description	Benchmark Price (SGD)[7]	Premium over Benchmark Price (%)[8]
Last traded price of the Shares on the SGX-ST on the Last Trading Date	18.70	36.9
VWAP for the one-month period up to and including the Last Trading Date	18.46	38.6
VWAP for the three-month period up to and including the Last Trading Date	18.29	40.0
VWAP for the six-month period up to and including the Last Trading Date	18.04	41.9
VWAP for the 12-month period up to and including the Last Trading Date	17.98	42.4

6 Based on the financial statements of the Offeror and GEH for FY23.

7 Rounded to the nearest two decimal places.

8 Rounded to the nearest one decimal place.

11. LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) SHAREHOLDER RIGHTS

11.1 **Listing Status and Trading Suspension.** Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that it has received acceptances which result in the Offeror and its concert parties holding more than 90 per cent. of the total number of Shares, the SGX-ST may suspend the trading of the listed securities of GEH on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares are held by at least 500 Shareholders who are members of the public ("**Free Float Requirement**"). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares, thus causing the percentage of the total number of Shares held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares held in public hands falls below 10 per cent., GEH must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of GEH on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow GEH a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares held by members of the public to be raised to at least 10 per cent., failing which GEH may be removed from the Official List of the SGX-ST.

The Offeror intends to seek a delisting of GEH from the SGX-ST if the Free Float Requirement is not met. The Offeror does not intend to support any action or take any steps to maintain the listing status of GEH in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual. In addition, the Offeror reserves the right to seek a voluntary delisting of GEH from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Shareholders who do not accept the Offer should note that in the event:

(a) GEH is delisted from the SGX-ST, such Shareholders will continue to hold their Shares and remain shareholders of GEH but will not be able to trade such Shares on the SGX-ST; and

(b) the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual, such Shareholders will continue to hold their Shares and remain shareholders of GEH but, pursuant to Rule 729 of the Listing Manual, will not be able to transfer such Shares without the prior approval of the SGX-ST.

11.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue (excluding those Shares already held by the Offeror, its related corporations or their respective nominees[9] as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Offer Shares held by Shareholders who have not accepted the Offer ("**Dissenting Shareholders**"). **The Offeror, if so entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act.**

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[9] And other persons required to be excluded under Section 215(9A) of the Companies Act.

11.3 **Section 215(3) Shareholder Rights.** In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Offer Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees[10] acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees[10], comprise 90 per cent. or more of the total number of Shares. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

12. CONFIRMATION OF FINANCIAL RESOURCES

J.P. Morgan, as the exclusive financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer on the basis of the Offer Price.

13. DISCLOSURE OF HOLDINGS AND DEALINGS

13.1 **Holdings and Dealings in Relevant Securities.** As at the Latest Practicable Date, based on the latest information available to the Offeror, and save as disclosed in this Offer Document (including **Appendix 5** to this Offer Document), none of (i) the Offeror, (ii) its wholly-owned subsidiaries, (iii) the Offeror Directors, (iv) J.P. Morgan and (v) any other person deemed to be acting in concert with the Offeror (collectively, "**Relevant Parties**"):

(i) own, control or has agreed to acquire any Relevant Securities; or

(ii) has dealt for value in any Relevant Securities during the Relevant Period.

13.2 **Other Arrangements.** As at the Latest Practicable Date, based on the latest information available to the Offeror and save as disclosed in this Offer Document (including **Appendix 5** to this Offer Document), none of the Relevant Parties have:

(i) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Relevant Securities which may be an inducement to deal or refrain from dealing;

(ii) received any irrevocable commitment to accept the Offer in respect of any Relevant Securities;

(iii) granted any security interest in respect of any Relevant Securities in favour of any other person, whether through a charge, pledge or otherwise;

(iv) borrowed any Relevant Securities from any other person (excluding those which have been on-lent or sold); or

(v) lent any Relevant Securities to any other person.

14. SECTION 20(4) OF THE FINANCIAL HOLDING COMPANIES ACT

14.1 Under Section 20(4) of the FHC Act, no person shall enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the disposal of their interest in an aggregate of five per cent. or more of the Shares without first notifying MAS.

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[10] And other persons required to be excluded under Section 215(9A) of the Companies Act.

14.2 All Shareholders who accept the Offer are deemed to have assented to the Offeror making the notification required under Section 20(4) of the FHC Act on their behalf to MAS prior to announcement of the Offer.

14.3 All persons who intend to act together with any other person to sell five per cent. or more of the Shares (other than by way of an acceptance of the Offer) should inform themselves about and ensure that they are in compliance with all applicable legal requirements, including Section 20(4) of the FHC Act.

15. OVERSEAS SHAREHOLDERS

15.1 **Overseas Shareholders.** This Offer Document, the Relevant Acceptance Forms and/or any related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document, the Relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and J.P. Morgan each reserves the right not to send this Offer Document, the Relevant Acceptance Forms and/or any related documents to such overseas jurisdictions.

The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (collectively, "**Overseas Shareholders**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. **Appendix 9** of this Offer Document also sets out additional information for Overseas Shareholders for certain jurisdictions.

For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.

15.2 **Copies of this Offer Document and Relevant Acceptance Forms.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document (including the Relevant Acceptance Forms) and any related documents from the website of the SGX-ST at www.sgx.com.

15.3 **Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including J.P. Morgan, CDP and the Registrar/Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, J.P. Morgan, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

15.4 **Notice.** The Offeror and J.P. Morgan each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.

16. INFORMATION RELATING TO CPF AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be).

17. GENERAL

17.1 **Disclaimer and Discretion.** The Offeror and J.P. Morgan each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated herein or in the Relevant Acceptance Forms, or if made otherwise than in accordance with the provisions herein and instructions printed on the Relevant Acceptance Forms.

17.2 **Governing Law and Jurisdiction.** The Offer, this Offer Document (including the Relevant Acceptance Forms), and all acceptances of the Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.

17.3 **No Third Party Rights.** Unless expressly provided to the contrary in this Offer Document (including the Relevant Acceptance Forms), a person who is not a party to any contracts made pursuant to the Offer, this Offer Document (including the Relevant Acceptance Forms) has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend, vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

17.4 **Accidental Omission.** Accidental omission to despatch this Offer Document (including the Relevant Acceptance Forms) or any notice or announcement required to be given under the terms of the Offer or any failure to receive the same by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.

17.5 **Independent Advice.** J.P. Morgan is acting for and on behalf of the Offeror, and does not purport to advise the Shareholders and/or any other person. In preparing this Letter to Shareholders on behalf of the Offeror, J.P. Morgan has not had regard to the general or specific investment objectives, tax positions, risk profiles, financial situation or particular needs and constraints of any individual Shareholder. You must make your own decision as to whether to tender your Shares. If you are in doubt as to the action you should take, you should immediately seek your own advice from your relevant financial, legal or tax advisers or other independent financial adviser. The views of the Independent Directors and the independent financial adviser to the Independent Directors on the Offer will be made available to Shareholders in due course. The Independent Directors are required under the Code to despatch their views within 14 days of the Despatch Date. Shareholders may wish to consider their advice before taking any action in relation to the Offer.

17.6 **General Information. Appendix 6** to this Offer Document sets out additional general information relating to the Offer.

18. RESPONSIBILITY STATEMENT

The Offeror Directors (including any director who may have delegated detailed supervision of the preparation of this Offer Document) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Offer Document are fair and accurate and that there are no other material facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading, and they jointly and severally accept full responsibility.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from GEH, the sole responsibility of the Offeror Directors has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources and/or reflected or reproduced in this Offer Document in its proper form and context.

Issued by
J.P. Morgan Securities Asia Private Limited

For and on behalf of
Oversea-Chinese Banking Corporation Limited

31 May 2024

Any inquiries relating to the Offer should be directed during office hours to:

J.P. Morgan Securities Asia Private Limited
88 Market Street
#30-00
Singapore 048948
Tel: +65 6882 2621

APPENDIX 1 – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 **Closing Date.** The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

1.2 **Subsequent Closing Date(s).** If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days prior notice in writing before it may close the Offer.

1.3 **Revision.** Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

2. SETTLEMENT

2.1 **When Settlement is Due for All Shareholders.** Subject to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document, the Relevant Acceptance Forms and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the number of Offer Shares tendered by the Depositor in acceptance of the Offer are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the Accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of:

(i) in the case of Accepting Shareholders who are Depositors:

(a) who are subscribed to CDP's DCS, credited directly into the Accepting Shareholder's designated bank account for SGD via CDP's DCS (or in such other manner as such Accepting Shareholder may have agreed with CDP for the payment of any cash distribution); or

(b) who are not subscribed to CDP's DCS, credited to the Accepting Shareholder's Cash Ledger and subject to the same terms and conditions applicable to Cash Distributions under the CDP Operation of Securities Account Terms ("Cash Ledger" and "Cash Distribution" are as defined therein); or

(ii) in the case of an Accepting Shareholder holding share certificate(s) which are not deposited with CDP, a SGD crossed cheque drawn on a bank operating in Singapore and sent by ordinary post to his address stated in his FAT or if none is stated, to his address as indicated in the Register, at the risk of the Accepting Shareholder,

as soon as practicable and in any event within seven Business Days of the date of such receipt, as required under the Code. **However, the Offeror will endeavour to make payment within five Business Days after the date of receipt of valid acceptances and relevant documents from each Accepting Shareholder.**

3. ANNOUNCEMENTS

3.1 **Timing and Contents.** Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the Market Day immediately after the day on which the Offer is due to expire or the Offer is revised or extended, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

(i) for which valid acceptances of the Offer have been received;

(ii) held by the Offeror and any of its concert parties prior to the commencement of the Offer period; and

(iii) acquired or agreed to be acquired by the Offeror and any of its concert parties during the Offer period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 **Suspension.** Under Rule 28.2(a) of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements in **paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 **Valid Acceptances for Offer Shares.** Under Rule 28.1 of the Code, subject to **Section 17.1** of the Letter to Shareholders in this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

4. RIGHT OF WITHDRAWAL

Acceptances Irrevocable. Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS

1.1 **Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you should receive the Notification together with the FAA. If you do not receive the FAA, you may obtain a copy of the FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com). An electronic copy of the FAA may also be obtained from the website of the SGX-ST at www.sgx.com.

Acceptance. If you wish to accept the Offer, you should:

(i) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms and conditions of the Offer). In particular, you must state in **Section C** of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer;

(a) if you:

(1) do not specify such number; or

(2) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account on the date of receipt of the FAA by CDP ("**Date of Receipt**") or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date,

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date);

(b) if **paragraph 1.1(i)(a)(2)** of this **Appendix 2** applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the "Free Balance" of your Securities Account ("**Unsettled Buy Position**"), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the "Free Balance" of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date ("**Settled Shares**"), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in **Section C** of the FAA which have not yet been accepted pursuant to **paragraph 1.1(i)(a)(2)** of this **Appendix 2**, or the number of Settled Shares, whichever is less;

(ii) if you are submitting the FAA in physical form, sign the FAA in accordance with this **Appendix 2** and the instructions printed on the FAA; and

(iii) submit the completed FAA:

(a) **by post**, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or

(b) **in electronic form**, via SGX-ST's Investor Portal at <investors.sgx.com> (in respect of individual and joint-alt account holders only),

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA and which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address. If you submit the FAA in electronic form, you accept the risk of defects or delays caused by failure or interruption of electronic systems, and you agree to hold the Offeror, J.P. Morgan and CDP harmless against any losses directly or indirectly caused by such failure or interruption of electronic systems.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the FAA to the purchaser or transferee, as CDP will arrange for a separate FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf and such Electronic Acceptances must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

1.2 **Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive the Notification together with the FAA. If you do not receive the FAA, you may obtain a copy of the FAA, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com). An electronic copy of the FAA may also be obtained on the website of the SGX-ST at www.sgx.com.

Acceptance. If you wish to accept the Offer in respect of such Offer Shares, you should, **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares:

(i) complete the FAA in accordance with **paragraph 1.1** of this **Appendix 2** and the instructions printed on the FAA; and

(ii) submit the completed FAA:

(a) **by post**, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or

(b) **in electronic form**, via SGX-ST's Investor Portal at <investors.sgx.com> (in respect of individual and joint-alt account holders only),

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA and which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address. If you submit the FAA in electronic form, you accept the risk of defects or delays caused by failure or interruption of electronic systems, and you agree to hold the Offeror, J.P. Morgan and CDP harmless against any losses directly or indirectly caused by such failure or interruption of electronic systems.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be, credited to the "Free Balance" of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, J.P. Morgan and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by the Date of Receipt or by 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless **paragraph 1.1(i)(a)(2)** read together with **paragraph 1.1(i)(b)** of this **Appendix 2** applies. If the Unsettled Buy Position does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Offeror, J.P. Morgan and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

1.3 **Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares.

1.4 **FAAs received on Saturday, Sunday and Public Holidays.** For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

1.5 **General.** No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service, or (ii) through the CDP Phone Service using SMS OTP, under the option "To check your securities balance".

1.6 **Blocked Balance.** Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has been despatched to you.

1.7 **Offer Unconditional.** If you have accepted the Offer in accordance with the provisions contained in this **Appendix 2** and the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price which will be credited directly into your designated bank account for SGD via CDP's DCS on the payment date as soon as practicable and in any event, in respect of acceptances which are complete and valid in all respects, within seven Business Days of the Date of Receipt, as required under the Code.

In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions ("Cash Ledger" and "Cash Distribution" are as defined therein).

1.8 **No Securities Account.** If you do not have an existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

2. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SCRIPHOLDERS

2.1 **Shareholders whose Shares are not deposited with CDP.** If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive the Notification together with the FAT. If you do not receive the FAT, you may obtain a copy of the FAT, upon production of satisfactory evidence that you are a Shareholder, from the Registrar, at its office located at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632. An electronic copy of the FAT may also be obtained from the website of the SGX-ST at www.sgx.com.

2.2 **Acceptance.** If you wish to accept the Offer, you should:

(i) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms and conditions of the Offer). In particular, you must state in **Part A** of the FAT, the number of Offer Shares in respect of which you wish to accept the Offer and state in **Part B** of the FAT, the share certificate number(s) of the relevant share certificate(s). If you:

(a) do not specify a number in **Part A** of the FAT; or

(b) specify a number in **Part A** of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

(ii) sign the FAT in accordance with this **Appendix 2** and the instructions printed on the FAT; and

(iii) deliver:

(a) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);

(b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Receiving Agent relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure GEH to issue such share certificate(s) in accordance with the constitution of GEH and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;

(c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it); and

(d) any other relevant document(s),

either:

(1) **by hand**, to Oversea-Chinese Banking Corporation Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or

(2) **by post**, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632,

in each case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAT is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAT and which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address. Settlement of the Offer Price for such Offer Shares cannot be made until all relevant documents have been properly completed and delivered.

2.3 **Receipt.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other accompanying document(s) will be given by the Offeror, J.P. Morgan or the Receiving Agent.

2.4 **Risk of Posting.** All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) will be sent by ordinary post to your respective addresses as they appear in the records of the Registrar (or for the purposes of payments only, to such address as may be specified in the FAT) at your own risk.

2.5 **FATs received on Saturday, Sunday and Public Holidays.** For the avoidance of doubt, FATs received by the Receiving Agent on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

3. GENERAL

3.1 **Disclaimer and Discretion.** The Offeror, J.P. Morgan, the Registrar/Receiving Agent and/or CDP will be entitled, in their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed and submitted in all respects and that the FAA and/or the FAT, as the case may be, should be submitted with original signature(s) and that all required documents, where applicable, are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror, J.P. Morgan, the Registrar/Receiving Agent and/or CDP accepts any responsibility or liability for such a decision, including the consequences of such a decision. The Offeror and J.P. Morgan each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated in this Offer Document and in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and/or the FAT, as the case may be.

3.2 **Scrip and Scripless Shares.** If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** and the Relevant Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.

3.3 **Deposit Time.** If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer by way of the FAA if you were to deposit your share certificate(s) with CDP after the Despatch Date and ending on the Closing Date (both dates inclusive). If you wish to accept the Offer in respect of such Offer Shares held in scrip form, you should complete a FAT and follow the procedures set out in **paragraph 2** of this **Appendix 2**.

3.4 **Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the records of CDP or the Register, as the case may be) will be sent by ordinary post to your respective mailing addresses as they appear in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA and/or the FAT, as the case may be, at your own risk).

3.5 **Evidence of Title.** Delivery of the completed and signed FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, J.P. Morgan, CDP and/or the Registrar/Receiving Agent, to the Offeror, J.P. Morgan, CDP and/or the Registrar/Receiving Agent, as the case may be, shall be conclusive evidence in favour of the Offeror, J.P. Morgan, CDP and/or the Registrar/Receiving Agent, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates. The Offeror, J.P. Morgan, CDP and/or the Registrar/Receiving Agent shall be entitled to assume the accuracy of any information and/or documents submitted together with any FAA and/or FAT, as the case may be, and shall not be required to verify or question the validity of the same.

3.6 **Loss of Transmission.** The Offeror, J.P. Morgan, the Registrar/Receiving Agent and/or CDP, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

3.7 **Acceptances Irrevocable.** Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Registrar/Receiving Agent, as the case may be, after the FAA and/or the FAT, as the case may be, has been received shall be disregarded.

3.8 **Personal Data Privacy.** By completing and delivering a Relevant Acceptance Form, each person:

(i) consents to the collection, use and disclosure of his personal data by CDP, the Registrar/Receiving Agent, the Offeror, J.P. Morgan and GEH ("**Relevant Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, regulations and/or guidelines;

(ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, regulations and/or guidelines; and

(iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

1. DIRECTORS

The names, addresses and descriptions of the Offeror Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Lee Kok Keng Andrew	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Chairman, Non-Executive Independent Director
Chong Chuan Neo	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Independent Director
Chua Kim Chiu	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Independent Director
Khoo Cheng Hoe Andrew	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Independent Director
Lee Tih Shih	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Non-Independent Director
Christina Hon Kwee Fong (Christina Ong)	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Independent Director
Seck Wai Kwong	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Independent Director
Pramukti Surjaudaja	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Non-Independent Director
Tan Yen Yen	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Independent Director
Wong Pik Kuen Helen	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Executive Non-Independent Director

2. PRINCIPAL ACTIVITIES

The Offeror was incorporated in Singapore on 31 October 1932 and is listed on the Mainboard of the SGX-ST. The Offeror Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services. The Offeror Group's key markets comprise Singapore, Malaysia, Indonesia and Greater China, with close to 420 branches and representative offices in 19 countries and regions.

3. SHARE CAPITAL

As at the Latest Practicable Date, the Offeror has an issued and paid up share capital of SGD18.6 billion comprising 4,514,941,829 Offeror shares (including 15,069,676 treasury shares).

4. FINANCIAL SUMMARY

Set out below is a summary of certain financial information for FY22[11] and FY23 extracted from the audited consolidated financial statements of the Offeror Group for FY23. The financial information referred to in this paragraph should be read in conjunction with the audited consolidated financial statements of the Offeror Group for FY22 and FY23 and the accompanying notes as set out therein, copies of which are available on the website of the Offeror at www.ocbc.com. The (i) audited consolidated financial statements of the Offeror Group for FY23 as extracted from the Offeror's Annual Report for FY23 and (ii) financial highlights of the Offeror Group for 1Q24 as extracted from the Offeror Group's 1Q24 results press release dated 10 May 2024 are reproduced in **Appendix 7** and **Appendix 8** to this Offer Document respectively, and are also available on the website of the Offeror at www.ocbc.com.

	FY23 (SGD 'm) (Audited)	**FY22 (SGD 'm) (Audited)[11]**
Total Income	13,507	11,286
Profit before tax	8,401	6,670
Profit after tax	7,165	5,639
Profit attributable to owners of the Offeror	7,021	5,526
Non-controlling interests	144	113
Basic earnings per share (SGD)	1.55	1.22
Diluted earnings per share (SGD)	1.55	1.22
Dividends per share (SGD)	0.82	0.68

11 Comparative figures for FY22 have been restated with the adoption of the new/revised financial reporting standards and interpretations on 1 January 2023, as set out in **paragraph 7** of this **Appendix 3**.

Comparative figures for FY21 have not been restated. As stated in Note 2 of the audited consolidated financial statements for FY23 (as set out in **Appendix 7** to this Offer Document), the Offeror Group had, with effect from 1 January 2023, adopted new/revised financial reporting standards and interpretations relating to, amongst others, SFRS(I) 17. The necessary information for the implementation of SFRS(I) 17 was only collected from 1 January 2022 onwards and accordingly, the restated information for FY21 is not available.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the making and funding of the Offer and as disclosed in the Offeror 1Q24 Results and any other information on the Offeror Group which is publicly available (including without limitation, the announcements released by the Offeror Group on the SGX-ST), there have been no material changes in the financial position of the Offeror since 31 December 2023, being the date of the last published audited accounts of the Offeror.

6. SIGNIFICANT ACCOUNTING POLICIES

The Offeror Group prepares its financial statements in accordance with SFRS(I) as required by the Companies Act. The significant accounting policies of the Offeror Group are disclosed in Note 2 to the audited consolidated financial statements of the Offeror Group for FY23 as extracted from the Offeror's Annual Report for FY23 and set out in **Appendix 7** to this Offer Document and also available on the website of the Offeror at www.ocbc.com.

Save as disclosed in this Offer Document and in publicly available information on the Offeror, there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

7. CHANGES IN ACCOUNTING POLICIES

The changes in the significant accounting policies of the Offeror Group are disclosed in Note 2 to the audited consolidated financial statements of the Offeror Group for FY23 as extracted from the Offeror's Annual Report for FY23 and set out in **Appendix 7** to this Offer Document.

Save as disclosed in this Offer Document and in publicly available information on the Offeror as at the Latest Practicable Date, there are no changes in the accounting policies of the Offeror Group which will cause the financial information of the Offeror Group disclosed in this Offer Document to not be comparable to a material extent.

8. REGISTERED OFFICE

The registered office of the Offeror is at 63 Chulia Street, #10-00, Singapore 049514.

1. DIRECTORS

The names, addresses and descriptions of the directors of GEH as at the Latest Practicable Date are as follows:

Name	Address	Descriptions
Soon Tit Koon	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Chairman, Non-Executive Independent Director
Chong Yoke Sin	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Lee Lap Wah, George[12]	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Lee Fook Sun	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Lim Kuo Yi	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Ng Chee Peng	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Tam Chee Chong	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Teoh Lian Ee	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Lee Kok Keng Andrew	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Non-Independent Director
Wong Pik Kuen Helen	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Non-Independent Director

[12] Lee Lap Wah, George is also a director of OCBC Bank (Malaysia) Berhad, a subsidiary of the Offeror.

2. SHARE CAPITAL

As at the Latest Practicable Date, GEH has an issued and paid-up share capital of SGD152.7 million comprising 473,319,069 Shares[13].

3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in (i) audited consolidated financial statements of the GEH Group for FY23 as contained in GEH's Annual Report for FY23 released on 3 April 2024, (ii) the unaudited consolidated interim results of the GEH Group for 1Q24 announced by GEH on 29 April 2024 and (iii) any other information on GEH which is publicly available (including, without limitation, the announcements released by GEH on SGXNET), there has not been, within the knowledge of the Offeror, any material change in the financial position or prospects of GEH since 31 December 2023, being the date of the last audited consolidated financial statements of GEH laid before the Shareholders in general meeting.

4. REGISTERED OFFICE

The registered office of GEH is at 1 Pickering Street, #16-01, Great Eastern Centre, Singapore 048659.

[13] GEH has no treasury shares.

APPENDIX 5 – DISCLOSURES

1. HOLDINGS OF RELEVANT SECURITIES BY THE RELEVANT PARTIES

Based on the latest information available to the Offeror as at the Latest Practicable Date, the interests of the Relevant Parties[14] are set out below:

		Direct Interest		Deemed Interest		Total Interest	
	Name	**No. of Shares**	**%[15]**	**No. of Shares**	**%[15]**	**No. of Shares**	**%[15]**
1	Offeror	418,586,759[16]	88.44	–	–	–	–
2	Eng Hsi Ko Peter	406,385	0.09	–	–	–	–
3	Eng Siu-Lan Sibyl	256,386	0.05	122,860[17]	0.03	379,246	0.08
4	Geh Min	168,960	0.04	–	–	–	–
5	Lee Shih Kwei	115,920	0.02	–	–	–	–
6	Lee Chai Lian Carmen	9,000	n.m.[18]	–	–	–	–
7	Lee Yue Ming	600	n.m.[18]	–	–	–	–
8	Saw Poh Hoon	600	n.m.[18]	–	–		

14 For completeness and based solely on information available to the Offeror as at the Latest Practicable Date, certain entities who are deemed to be concert parties of Dr Lee Tih Shih (a director of the Offeror) hold direct minority equity stakes in aggregate of:

(i) less than 20 per cent. of the issued shares of The Nyalas Rubber Estates Limited ("**Nyalas**"), which, in turn, holds approximately 4,014,000 Shares;

(ii) less than five per cent. of the issued shares of Kuchai Development Berhad ("**KDB**") which, in turn, holds 3,032,000 Shares (based on KDB's circular to its shareholders dated 15 April 2024 ("**KDB Circular**"). Nyalas also has a 9.44 per cent. direct interest in KDB and a 42.40 per cent. deemed interest in KDB); and

(iii) less than five per cent. of the issued shares of Sungei Bagan Rubber Company (Malaya) Berhad ("**SB**") which, in turn, holds 1,733,120 Shares (based on the KDB Circular, Nyalas also has a 2.51 per cent. direct interest in SB and a 43.55 per cent. deemed interest in SB).

15 Based on a total of 473,319,069 Shares in issue as at the Latest Practicable Date and rounded to the nearest two decimal places.

16 Shares registered in the name of Citibank Nominees Singapore Pte Ltd. This excludes the Offeror's deemed interest in 56,900 Shares held by its subsidiary, BOS Trustee Limited, as trustee of The SOME Trust for 49,900 Shares and as trustee of The Kudzu 2022 Trust for 7,000 Shares.

17 Eng Siu-Lan Sibyl has a deemed interest in 122,860 Shares held in trusts.

18 Not meaningful.

2. DEALINGS IN RELEVANT SECURITIES BY THE RELEVANT PARTIES

Based on the latest information available to the Offeror as at the Latest Practicable Date, the dealings for value by the Relevant Parties during the Relevant Period are set out below:

	Name	Date (DD/MM/YY)	No. of Shares Bought	No. of Shares Sold	Transaction price per Share (SGD)
1	Eng Siu-Lan Sibyl[19]	19/02/24	–	500	18.41
2	Eng Siu-Lan Sibyl[19]	19/02/24	–	2000	18.30
3	Eng Siu-Lan Sibyl[19]	19/02/24	–	500	18.40
4	Eng Siu-Lan Sibyl[19]	19/02/24	–	500	18.39
5	Eng Siu-Lan Sibyl[19]	19/02/24	–	500	18.38
6	Eng Siu-Lan Sibyl[19]	20/02/24	–	500	18.39
7	Eng Siu-Lan Sibyl[19]	20/02/24	–	500	18.41
8	Eng Siu-Lan Sibyl[19]	20/02/24	–	500	18.42
9	Eng Siu-Lan Sibyl[19]	20/02/24	–	500	18.40
10	Eng Siu-Lan Sibyl[19]	21/02/24	–	400	18.41
11	Eng Siu-Lan Sibyl[19]	15/03/24	–	1000	18.39
12	Eng Siu-Lan Sibyl[19]	15/03/24	–	1000	18.38
13	Eng Siu-Lan Sibyl[19]	15/03/24	–	1000	18.37
14	Eng Siu-Lan Sibyl[19]	18/03/24	–	1000	18.37
15	Eng Siu-Lan Sibyl[19]	18/03/24	–	200	18.38

[19] Shares held in a trust.

APPENDIX 6 – GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

1.1 **No Agreement having any Connection with or Dependence upon the Offer.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror or any parties acting in concert with the Offeror and (ii) any of the current or recent directors of GEH or any of the current or recent shareholders of GEH having any connection with or dependence upon the Offer.

1.2 **Transfer of Offer Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to its shareholders or any of its related corporations.

1.3 **Payment or Benefit to Directors of GEH.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of GEH or any of its related corporations as compensation for loss of office or otherwise in connection with the Offer.

1.4 **No Agreement Conditional upon the Outcome of the Offer.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror and (ii) any of the directors of GEH or any other person in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.

1.5 **Transfer Restrictions.** The constitution of GEH does not contain any restrictions on the right to transfer the Offer Shares.

2. GENERAL

2.1 **Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document and the Relevant Acceptance Forms (other than professional fees and other costs relating to the Offer or any revision thereof incurred or to be incurred by GEH relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.

2.2 **Consent.** J.P. Morgan and the Registrar/Receiving Agent has each given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion of their names and all references to their names in the form and context in which it appears in this Offer Document.

3. MARKET QUOTATIONS

3.1 **Closing Prices.** The following table sets out the closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) on (i) the Latest Practicable Date, (ii) the Last Trading Date and (iii) the last Market Day of each of the six calendar months preceding the Announcement Date:

Month/Date	**Closing Price (SGD)**[20]	**Premium based on Offer Price of SGD25.60 (%)**[21]
24 May 2024 (Latest Practicable Date)	26.01	N/A
9 May 2024 (Last Trading Date)	18.70	36.9
30 April 2024	18.28	40.0
28 March 2024	18.22	40.5
29 February 2024	17.85	43.4
31 January 2024	17.52	46.1
29 December 2023	17.60	45.5
30 November 2023	17.38	47.3

3.2 **Highest and Lowest Closing Prices.** The following table sets out the highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date:

	Closing Price (SGD)[20]	**Date(s)**
Highest closing price	26.01	24 May 2024
Lowest closing price	17.16	13 December 2023

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the office of the Registrar at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 during normal business hours, while the Offer remains open for acceptance:

(i) the Offer Announcement;

(ii) the constitution of the Offeror; and

(iii) the letters of consent of J.P. Morgan and the Registrar/Receiving Agent referred to in **paragraph 2.2** of this **Appendix 6**.

[20] Rounded to the nearest two decimal places.

[21] Rounded to the nearest one decimal place.

Directors' Statement

For the financial year ended 31 December 2023

The directors present this statement to the members of the Bank together with the audited consolidated financial statements of the Group and the income statement, statement of comprehensive income, balance sheet and statement of changes in equity of the Bank for the financial year ended 31 December 2023.

In our opinion:

(a) the financial statements set out on pages 121 to 262 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2023, the financial performance and changes in equity of the Group and of the Bank for the financial year ended on that date, and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Bank in office at the date of this statement are as follows:

Andrew Lee Kok Keng, Chairman
Chong Chuan Neo
Chua Kim Chiu
Andrew Khoo Cheng Hoe
Lee Tih Shih
Christina Hon Kwee Fong (Christina Ong)
Seck Wai Kwong (appointed on 4 September 2023)
Pramukti Surjaudaja
Tan Yen Yen
Helen Wong Pik Kuen (appointed on 7 February 2023)

Andrew Lee Kok Keng, Andrew Khoo Cheng Hoe, and Pramukti Surjaudaja will retire by rotation under Article 98 of the Constitution at the forthcoming annual general meeting of the Bank and, being eligible, will offer themselves for re-election thereat.

Seck Wai Kwong will retire under Article 104 of the Constitution at the forthcoming annual general meeting of the Bank and, being eligible, will offer himself for re-election thereat.

Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of, nor at any time during the financial year, was the Bank a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than as disclosed in this statement.

Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in shares in the Bank and its related corporations, as follows:

	Direct interest		Deemed interest [1]	
	At 31.12.2023	At 1.1.2023/ Date of appointment	At 31.12.2023	At 1.1.2023/ Date of appointment
BANK				
Ordinary shares				
Andrew Lee Kok Keng	**529,953**	257,431	**–**	–
Chong Chuan Neo	**5,210**	–	**–**	–
Chua Kim Chiu	**32,663**	26,663	**–**	–
Andrew Khoo Cheng Hoe	**18,151**	12,151	**–**	–
Lee Tih Shih	**11,662,000**	11,656,000	**–**	–
Christina Hon Kwee Fong (Christina Ong)	**43,240**	37,240	**–**	–
Seck Wai Kwong [2]	**9,386**	9,386	**–**	–
Pramukti Surjaudaja	**97,050**	91,050	**–**	–
Tan Yen Yen	**18,000**	12,000	**–**	–
Helen Wong Pik Kuen [3]	**441,608**	262,431	**–**	–
Options to acquire ordinary shares under the OCBC Share Option Scheme 2001				
Andrew Lee Kok Keng	**43,512**	310,824	**–**	–
Unvested ordinary shares under the OCBC Deferred Share Plan				
Helen Wong Pik Kuen [3]	**–**	102,324	**–**	–
Unvested ordinary shares under the OCBC Deferred Share Plan 2021				
Helen Wong Pik Kuen [3]	**578,330**	332,389	**–**	–

(1) Ordinary shares held by spouse.
(2) Mr Seck Wai Kwong was appointed to the Board of Directors on 4 September 2023.
(3) Ms Helen Wong Pik Kuen was appointed to the Board of Directors on 7 February 2023.

Save as disclosed above, no director holding office at the end of the financial year had any interest in shares in, or debentures of, the Bank or any of its related corporations either at the beginning of the financial year, date of appointment, or at the end of the financial year. There were no changes to any of the above-mentioned interests between the end of the financial year and 21 January 2024.

Share-Based Compensation Plans

The Bank's share-based compensation plans are administered by the Remuneration Committee, which as at the date of this statement comprises:

Christina Hon Kwee Fong (Christina Ong), Chairman
Andrew Khoo Cheng Hoe
Andrew Lee Kok Keng
Pramukti Surjaudaja

Share-Based Compensation Plans (continued)

Under the share-based compensation plans, no options, rights or awards have been granted to controlling shareholders of the Bank or their associates, nor has any participant received 5% or more of the total number of options, rights or awards available under each respective scheme or plan during the financial year. No options or rights were granted at a discount during the financial year. The persons to whom the options, rights or awards were issued have no right by virtue of these options, rights or awards to participate in any share issue of any other company. The disclosure requirement in Rule 852(1)(c) of the SGX Listing Manual relating to the grant of options to directors and employees of the parent company and its subsidiaries is not applicable to the Bank's share-based compensation plans.

The Bank's share-based compensation plans are as follows:

(a) OCBC Share Option Scheme 2001

The OCBC Share Option Scheme 2001 (2001 Scheme), which was implemented in 2001, was extended for a period of 10 years from 2011 to 2021, with the approval of shareholders at an extraordinary general meeting of the Bank which was held on 15 April 2011. Executives of the Group ranked Manager and above and non-executive directors of the Group were eligible to participate in this scheme. The Bank will either issue new shares or transfer treasury shares to the participants upon the exercise of their options.

The 2001 Scheme expired on 2 August 2021. No further options may be granted by the Bank under the 2001 Scheme following its expiry. However, the expiration of the 2001 Scheme does not affect the options which have been granted and accepted before the expiry of the 2001 Scheme, whether such options have been exercised (whether fully or partially) or not.

Particulars of Options 2013, 2014, 2015, 2015CT, 2016, 2016A, 2017, 2017SL, 2017DM and 2018 were set out in the Directors' Reports/Directors' Statements for the financial years ended 31 December 2013 to 2018.

No share options were granted under the 2001 Scheme during the financial year.

Details of unissued ordinary shares under the 2001 Scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2023 are as follows:

Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	At 31.12.2023 Outstanding	At 31.12.2023 Exercisable
2013	15.03.2014 to 13.03.2023	10.018	1,673,475	1,604,243	–	–
2014	15.03.2015 to 13.03.2024	9.169	521,906	521,906	913,178	913,178
2015	16.03.2016 to 15.03.2025	10.378	609,571	609,571	2,074,705	2,074,705
2015CT	30.06.2016 to 29.06.2025	10.254	–	–	31,779	31,779
2016	16.03.2017 to 15.03.2026	8.814	244,488	244,488	2,614,382	2,614,382
2016A	16.03.2017 to 15.03.2026	8.814	85,202	85,202	–	–
2017	23.03.2018 to 22.03.2027	9.598	557,007	555,475	3,298,129	3,298,129
2017SL	04.08.2018 to 03.08.2027	11.378	–	–	18,943	18,943
2017DM	29.12.2018 to 28.12.2027	12.316	–	–	5,673	5,673
2018	22.03.2019 to 21.03.2028	13.340	–	–	5,342,374	5,342,374
			3,691,649	3,620,885	14,299,163	14,299,163

Share-Based Compensation Plans (continued)

(b) OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan (ESP Plan), which was implemented in 2004, was extended for a period of 10 years from 19 May 2014 up to 18 May 2024 (both dates inclusive), with the approval of shareholders at an extraordinary general meeting of the Bank which was held on 24 April 2014. The ESP Plan was extended for a further period of 10 years from 19 May 2024 up to 18 May 2034 (both dates inclusive), with the approval of shareholders at the annual general meeting of the Bank which was held on 25 April 2023.

Employees of the Group who have attained the age of 21 years and have been employed for not less than six months are eligible to participate in the ESP Plan.

At an extraordinary general meeting held on 17 April 2009, alterations to the ESP Plan were approved to enable two (but not more than two) Offering Periods to be outstanding on any date. Since each Offering Period currently consists of a 24-month period, these alterations will enable the Bank to prescribe Offering Periods once every 12 months (instead of once every 24 months as was previously the case).

In July 2023, the Bank launched its eighteenth offering under the ESP Plan, which commenced on 1 September 2023 and will expire on 31 August 2025. Under the eighteenth offering, 7,062 employees enrolled to participate in the ESP Plan to acquire 8,899,030 ordinary shares at S$12.47 per ordinary share. The acquisition price is equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately preceding the price fixing date. Particulars of the first to seventeenth offerings under the ESP Plan were set out in the Directors' Reports/Directors' Statements for the financial years ended 31 December 2004 to 2022. During the financial year, 6,589,209 ordinary shares were delivered to participants under the ESP Plan. As at the end of the financial year, there were (i) rights to acquire 7,078,986 ordinary shares at S$12.07 per ordinary share granted under the seventeenth offering (which will expire on 31 August 2024) outstanding, and (ii) rights to acquire 8,413,463 ordinary shares at S$12.47 per ordinary share granted under the eighteenth offering (which will expire on 31 August 2025) outstanding. Further details on the ESP Plan can be found in Note 13.3 of the Notes to the Financial Statements.

(c) OCBC Deferred Share Plan

The Bank implemented the OCBC Deferred Share Plan (DSP) in 2003. The DSP was a discretionary incentive and retention award programme extended to executives of the Group at the absolute discretion of the Remuneration Committee. The DSP was terminated with effect from 29 April 2021, following the adoption of the OCBC Deferred Share Plan 2021 at the annual general meeting of the Bank held on 29 April 2021. However, 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.

In light of the Bank's transition to the new OCBC DSP 2021, no awards were granted under the DSP during the financial year ended 31 December 2023. Existing awards were adjusted following the declarations of a final dividend for the financial year ended 31 December 2022, and an interim dividend for the financial year ended 31 December 2023, resulting in an additional 675 ordinary shares being subject to awards under the DSP. During the financial year, 5,413,124 deferred shares were released to grantees, of which 102,324 deferred shares were released to Ms Helen Wong Pik Kuen, who was appointed as a director of the Bank on 7 February 2023.

Share-Based Compensation Plans (continued)

(d) OCBC Deferred Share Plan 2021

The OCBC Deferred Share Plan 2021 (DSP 2021) was adopted at the annual general meeting of the Bank held on 29 April 2021 to replace the DSP under which no new ordinary shares may be issued. 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). The objectives of the DSP 2021 are otherwise the same as those for the DSP, which are to align the interests of Group executives with the sustained business performance of the Bank by way of awards of deferred shares as part of variable performance already earned for the previous year.

Awards over an aggregate of 6,785,111 ordinary shares (including awards over 287,200 ordinary shares granted to Ms Helen Wong Pik Kuen who was appointed as a director of the Bank on 7 February 2023) were granted to eligible executives under the DSP 2021 during the financial year ended 31 December 2023, and awards over an aggregate of 23,781,132 ordinary shares (including awards over 599,499 ordinary shares granted to Ms Helen Wong Pik Kuen) have been granted under the DSP 2021 since the commencement of the plan to the end of the financial year ended 31 December 2023. An aggregate of 19,451,075 ordinary shares (including 578,330 ordinary shares comprised in awards granted to Ms Helen Wong Pik Kuen) are comprised in awards which are outstanding and have not been released under the DSP 2021 as at the end of the financial year ended 31 December 2023. Existing awards were adjusted following the declarations of a final dividend for the financial year ended 31 December 2022, and an interim dividend for the financial year ended 31 December 2023, resulting in an additional 1,256,219 ordinary shares being subject to awards under the DSP 2021 (including an additional 35,594 ordinary shares being subject to awards held by Ms Helen Wong Pik Kuen). During the financial year, 3,787,000 deferred shares were released to grantees, of which 76,853 deferred shares were released to Ms Helen Wong Pik Kuen. The deferred shares which were released during the financial year were delivered by way of the transfer of existing ordinary shares to the relevant grantees.

Details of options granted under the 2001 Scheme and share awards granted under the DSP and DSP 2021 to directors of the Bank are as follows:

Name	Options/ awards granted during the financial year ended 31.12.2023	Aggregate number of options/ awards granted since commencement of scheme/plan to 31.12.2023	Aggregate number of options exercised/awards released since commencement of scheme/plan to 31.12.2023	Aggregate number of options/ awards outstanding at 31.12.2023 [1]
2001 Scheme				
Andrew Lee Kok Keng	–	724,065	680,553	43,512
DSP				
Helen Wong Pik Kuen	–	179,789[2]	199,995[3]	–
DSP 2021				
Helen Wong Pik Kuen	287,200[2]	599,499[2]	76,853[3]	578,330

(1) These details have already been disclosed in the section on "Directors' interests in shares or debentures" above.
(2) Does not include additional ordinary shares arising from subsequent adjustments to share awards under the DSP/DSP 2021 following the declarations of dividends by the Bank.
(3) The deferred shares which were released were delivered by way of the transfer of existing ordinary shares to Ms Helen Wong Pik Kuen.

There were no changes to the above-mentioned interests between the end of the financial year and 21 January 2024.

Except as disclosed above, no options under the 2001 Scheme, no acquisition rights under the ESP Plan and no share awards under the DSP 2021 were granted to any of the directors of the Bank who held office during the financial year ended 31 December 2023.

Except as disclosed above, there were no unissued shares of the Bank or its subsidiaries under options granted by the Bank or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee as at the date of this statement are:

Chua Kim Chiu, Chairman
Chong Chuan Neo
Seck Wai Kwong (appointed on 4 September 2023)
Tan Yen Yen

The Audit Committee performed the functions specified in the Act, the SGX Listing Manual, the Banking (Corporate Governance) Regulations 2005, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance 2018. In performing these functions, the Audit Committee reviewed with the Bank's external and internal auditors their audit plans and findings, including their examination and evaluation of the system of internal accounting controls and the internal audit programme. The Audit Committee also reviewed the external auditor's independence, objectivity and performance.

The Audit Committee also reviewed, *inter alia*, the following:

(a) response of the Bank's management and the assistance provided by officers of the Bank to the external and internal auditors;
(b) the CEO and CFO's assurances regarding the integrity of the financial statements and the adequacy and effectiveness of the Bank's risk management and internal control systems; and
(c) the financial statements of the Group and the Bank and the auditor's report thereon, including key audit matters, prior to their submission to the Board of Directors.

The Audit Committee has full access to, and the cooperation of, the management and has been given the resources required for it to discharge its functions. It has full authority and discretion to invite any director and executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as the auditor of the Bank at the forthcoming annual general meeting of the Bank.

Auditor

PricewaterhouseCoopers LLP has indicated its willingness to accept re-appointment as the auditor of the Bank at the forthcoming annual general meeting of the Bank.

On behalf of the Board of Directors,

Andrew Lee Kok Keng	**Helen Wong Pik Kuen**
Director	Director

Singapore
27 February 2024

Independent Auditor's Report

To The Members Of Oversea-Chinese Banking Corporation Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Oversea-Chinese Banking Corporation Limited ("the Bank") and its subsidiaries ("the Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the financial performance and changes in equity of the Bank for the financial year ended on that date.

What We Have Audited

The financial statements of the Bank and the Group comprise:

- the income statements of the Group and of the Bank for the financial year ended 31 December 2023;
- the statements of comprehensive income of the Group and of the Bank for the financial year then ended;
- the balance sheets of the Group and of the Bank as at 31 December 2023;
- the statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Bank for the financial year then ended;
- the consolidated cash flow statement of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How Our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>
Impairment of loans to customers
(Refer to Notes 2.20, 26, 27, 28 and 30 to the financial statements)
The Group’s allowances on loans to customers are S$3,899 million as at 31 December 2023. These allowances are determined by the Group based on the Expected Credit Losses (“ECL”) framework under SFRS(I) 9 Financial Instruments (“SFRS(I) 9”).
ECL on non-credit-impaired loans to customers
In respect of the ECL on non-credit impaired loans to customers (S$2,571 million), the Group utilises models which are reliant on internal and external data as well as a number of estimates. We considered this a key audit matter due to the inherent estimation uncertainty in this area which involves significant judgement and assumptions that relate to, amongst others:

determining whether a significant increase in credit risk (“SICR”) has occurred;
estimating forward-looking macroeconomic scenarios; and
identifying and determining post-model adjustments and management overlays to account for limitations in the ECL models.

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ECL on non-credit impaired loans to customers
We assessed the design and evaluated the operating effectiveness of key controls over the ECL on non-credit impaired loans to customers. These controls include:

review and approval of forward-looking information and macroeconomic assumptions used in the ECL models;
use of reliable and accurate critical data elements in the ECL models;
review and approval of the ECL results, including post-model adjustments and management overlays applied;
independent validation of the ECL models and review of model validation results by management; and
general IT controls over the ECL system as well as IT application controls over the completeness and accuracy of data flows from source systems to the ECL systems.

We determined that we could rely on these controls for the purposes of our audit.
For a sample of the Group’s ECL models, we examined the model methodologies and assessed the reasonableness of key judgements and assumptions made by management in the model and parameters used. We also reviewed the results of independent model validation conducted by the Group’s model validation function as part of our assessment of the ECL models.
We also assessed the reasonableness of criteria used to determine a SICR and accuracy and timeliness of allocation of exposures into Stage 1 and Stage 2 based on quantitative and qualitative criteria.
Through the course of our work, we challenged the rationale and calculation basis of post-model adjustments and management overlays.
Overall, we assessed the methodologies and key assumptions made by the Group to estimate the ECL on non-credit impaired loans to customers to be reasonable.
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<tr><th>Key Audit Matter</th><th>How Our Audit Addressed the Key Audit Matter</th></tr>
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Impairment of loans to customers (continued)

ECL on credit-impaired loans to customers
As at 31 December 2023, the allowances on credit-impaired loans to customers of the Group are S$1,328 million, a significant portion of which relates to the Global Wholesale Banking ("GWB") loan portfolio.

We focused on this area because of the highly subjective judgements and assumptions applied by management in determining the necessity for, and estimating the amount of, the ECL allowances against credit-impaired loans to customers. Significant judgements were also required for the credit grading of borrowers in accordance with MAS Notice 612.

For GWB's credit-impaired loan portfolio, significant management judgement and estimation include:

- identifying credit-impaired exposures;
- assessing the future performance of the borrowers and recoverable cash flows; and
- determining collateral values and timing of realisation.

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ECL on credit-impaired loans to customers
We assessed the design effectiveness and tested the operating effectiveness of key controls over credit grading, credit monitoring and management's determination of the ECL allowances for loans to customers. These controls include:

- oversight and review of credit risk by the Credit Risk Management Committee;
- credit portfolio review and monitoring;
- collateral monitoring and valuation;
- monitoring of loan covenants and breaches; and
- classification of loans to customers in accordance with MAS Notice 612.

We determined that we could rely on these controls for the purposes of our audit.

We selected a sample of credit exposures in the GWB loan portfolio and performed credit file reviews to assess the appropriateness of credit grading in accordance with the requirements of MAS Notice 612. In that process, we have also considered management's assessment on the impact of current significant events in the identification of credit-impaired exposures.

Where there was objective evidence of impairment, we assessed whether the ECL allowances were recognised on a timely basis and evaluated the amount of such impairment. Our work includes:

- considering the background facts and the latest circumstances in relation to the borrower;
- examining and challenging management's key assumptions applied on expected future cash flows of the borrower, including amounts and timing of recoveries;
- comparing the realisable value of collateral against externally derived evidence including independent valuation reports, where available; and
- testing the calculation of impairment.

For a sample of non-credit impaired loans to customers which had not been classified by management as credit-impaired, we challenged management's key assumptions on whether their classification was appropriate, based on our understanding of the customers, business environment and other external evidence where available.

Based on the procedures performed, we have assessed that the ECL allowances for credit-impaired loans to customers were within an acceptable range of estimates.

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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Valuation of financial instruments measured at fair value – Levels 2 and 3 *(Refer to Notes 2.20 and 41.3 to the financial statements)* As at 31 December 2023, the Group had financial assets of S$79,100 million and financial liabilities of S$15,092 million measured at fair value which were classified as Level 2. These represent 41% of the financial assets and 94% of the financial liabilities measured at fair value respectively. We considered valuation of Level 2 financial instruments to be a key audit matter due to their financial significance to the Group as well as the judgement required in relation to the application of the appropriate models, assumptions and inputs. The Group also had financial assets of S$6,230 million and financial liabilities of S$616 million measured at fair value which were classified as Level 3. These represent 3% of the financial assets and 4% of the financial liabilities measured at fair value respectively. We focused on the valuation of Level 3 financial assets and financial liabilities as management makes significant judgements and assumptions when valuing these financial instruments, as they are complex or illiquid and the external evidence supporting the Group's valuations are limited due to the lack of a liquid market.	We assessed the design and tested the operating effectiveness of key controls over the Group's financial instruments valuation processes, including the controls over: • management's testing and approval of new valuation models including revalidation of existing models; • the completeness and accuracy of the data feeds and other inputs into valuation models; • monitoring of collateral disputes; and • governance mechanisms and monitoring over the valuation processes by the Market Risk Management Committee, including over valuation adjustments. We determined that we could rely on the controls for the purposes of our audit. In addition, we performed the following procedures: • we compared the Group's valuation of financial instruments to our own estimates on a sampling basis. This involved sourcing inputs from market data providers or external sources using our own valuation models for certain instruments, and investigating material variances at the instrument level. • we assessed the reasonableness of the methodologies used and the key assumptions made for a sample of financial instruments; and • we performed procedures on collateral disputes, which take into account counterparty valuations, to identify possible indicators of inappropriate valuations by the Group. Overall, we considered that the valuation of Level 2 and Level 3 financial instruments measured at fair value was within a reasonable range of outcomes.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Impairment of goodwill *(Refer to Notes 2.20 and 36 to the financial statements)* The Group has a significant amount of goodwill arising from its business acquisitions. As at 31 December 2023, the carrying amount of goodwill on the Group's balance sheet amounted to S$4,403 million. In performing the impairment assessment of the carrying amount of goodwill, significant judgement is made by management in estimating the recoverable amounts of the relevant cash generating units ("CGUs"). For the Banking CGUs, this involves the estimation of discounted cash flows, where the significant assumptions used in the assessment include: • forecasts of future cash flows; • inputs to determine the risk-adjusted discount rates; and • perpetual growth rates. For the Insurance CGU, the Group applies the appraisal value technique, which comprises the embedded value of in-force business and the estimated value of projected distributable profits from new businesses. The key assumptions used in this assessment include: • investment returns based on long term strategic asset mix and expected future returns; and • risk-adjusted discount rates. Given the level of complexity and extent of judgement involved, we considered this to be a key audit matter.	We assessed the appropriateness of management's identification of the Group's CGUs and methodology used in the estimation of recoverable amounts. We also evaluated the key assumptions used and applied sensitivity analysis to the key assumptions to determine whether any possible change in these key assumptions would result in an impairment. *Banking CGUs* We evaluated the following: • management's cash flow projections by comparing previous forecasts to actual results; • the methodology and external data sources used in deriving the discount rates and growth rates; and • the growth rate assumptions against the Group's historical performance and available external industry and economic indicators. *Insurance CGU* We evaluated the following: • the methodologies in estimating the appraisal value; and • the key assumptions including the investment returns and the risk-adjusted discount rates used in deriving the appraisal value. We found the key assumptions and estimates made by management to be reasonable based on our audit procedures performed.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Valuation of insurance contract liabilities for life insurance funds *(Refer to Notes 2.20, 22 and 38.4 to the financial statements)* The Group's insurance operations are conducted through Great Eastern Holdings Limited and its subsidiaries ("GEH Group"). On 1 January 2023, the Group adopted SFRS(I) 17 *Insurance Contracts* ("SFRS(I) 17"). The standard sets out the requirements that an entity should apply in accounting for insurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participating features it issues. Insurance contract liabilities under SFRS(I) 17 are measured as the total of fulfilment cash flows and contractual service margin ("CSM"), the determination of which requires judgement and interpretation. This includes the selection of accounting policies and the use of complex methodologies which are applied in actuarial models. The selection and application of appropriate methodologies requires significant professional judgement. It also requires the determination of assumptions which involve estimation uncertainty. The CSM represents the unearned profit that the Group will recognise as it provides insurance contract services in the future. The release of CSM of a group of contracts is recognised as insurance revenue in the income statement of the Group based on the number of coverage units provided in the period. Coverage units in turn are determined by the quantity of the benefits provided under a contract and its expected coverage duration. Management applied judgement in the identification of the service provided and the determination of the coverage units.	We performed the following procedures to address this matter: • we assessed the adherence of the accounting policies adopted by management with the requirements in SFRS(I) 17; • we understood the process over the selection of accounting policies, determination of methodologies and assumptions, and reconciliation of data used in determining the insurance contract liabilities; • we tested the design and operating effectiveness of controls over the accuracy and completeness of the data used; • we assessed the appropriateness of the methodologies used in the determination of the insurance contract liabilities comprising of fulfilment cash flows and CSM, and their application in actuarial models; • we assessed the reasonableness of the key assumptions used by management by comparing against GEH Group's historical experiences and market observable data, where applicable; • we assessed the appropriateness of management's identification of the services provided by reviewing the terms and features of the insurance contracts issued on a sample basis; • we assessed the appropriateness of management's determination of the coverage units against the type of service identified; and • we reviewed the reasonableness of the movement analysis of the insurance contract liabilities prepared by management. The movement analysis provides a reconciliation of the balance as at 31 December 2022 to 31 December 2023, showing the key drivers of the changes during the year. Based on the work performed and the evidence obtained, we found the methodologies, assumptions and judgements used by management to be appropriate.

Other Information
Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Hean Chan.

PriceWaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 February 2024

Income Statements

For the financial year ended 31 December 2023

	Note	GROUP 2023 $ million	GROUP 2022 $ million (Restated)	BANK 2023 $ million	BANK 2022 $ million
Interest income		**20,867**	11,590	**15,154**	7,421
Interest expense		**(11,222)**	(3,902)	**(9,130)**	(2,869)
Net interest income	3	**9,645**	7,688	**6,024**	4,552
Insurance service results from life insurance [1]	4	**427**	683	**–**	–
Net investment income/(expenses) from life insurance	4	**5,590**	(4,966)	**–**	–
Net insurance financial result from life insurance	4	**(5,239)**	5,085	**–**	–
Insurance service results from general insurance		**30**	1	**–**	–
Fees and commissions (net)	5	**1,804**	1,851	**881**	879
Dividends from subsidiaries and associates	6	**–**	–	**1,499**	1,399
Net trading income	7	**1,004**	929	**415**	418
Other income	8	**246**	15	**219**	2
Non-interest income		**3,862**	3,598	**3,014**	2,698
Total income		**13,507**	11,286	**9,038**	7,250
Staff costs		**(3,501)**	(3,233)	**(1,221)**	(1,154)
Other operating expenses		**(1,722)**	(1,605)	**(1,418)**	(1,238)
Total operating expenses	9	**(5,223)**	(4,838)	**(2,639)**	(2,392)
Operating profit before allowances and amortisation		**8,284**	6,448	**6,399**	4,858
Amortisation of intangible assets	36	**(103)**	(104)	**–**	–
Allowances for loans and other assets	10	**(733)**	(584)	**(476)**	(210)
Operating profit after allowances and amortisation		**7,448**	5,760	**5,923**	4,648
Share of results of associates, net of tax		**953**	910	**–**	–
Profit before income tax		**8,401**	6,670	**5,923**	4,648
Income tax expense	11	**(1,236)**	(1,031)	**(664)**	(503)
Profit for the year		**7,165**	5,639	**5,259**	4,145
Attributable to:					
Equity holders of the Bank		**7,021**	5,526		
Non-controlling interests		**144**	113		
		7,165	5,639		
Earnings per share ($)	12				
Basic		**1.55**	1.22		
Diluted		**1.55**	1.22		

(1) Includes insurance revenue of $5,717 million (2022: $5,508 million) and insurance service expense of $4,758 million (2022: $4,696 million).

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

Statements of Comprehensive Income

For the financial year ended 31 December 2023

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
Profit for the year	**7,165**	5,639	**5,259**	4,145
Other comprehensive income:				
Items that may be reclassified subsequently to income statement:				
Financial assets, at FVOCI [1]				
Fair value gains/(losses) for the year	**839**	(2,420)	**319**	(807)
Reclassification of (gains)/losses to income statement				
– on disposal	**1**	264	**(44)**	149
– on impairment	**3**	(#)	**2**	2
Tax on net movements	**(116)**	289	**(15)**	28
Cash flow and other hedges	**105**	(2)	**69**	(22)
Currency translation on foreign operations	**(480)**	(834)	**(41)**	(109)
Other comprehensive losses of associates	**(145)**	(605)	**–**	–
Net insurance financial result	**37**	310	**–**	–
Items that will not be reclassified subsequently to income statement:				
Currency translation on foreign operations attributable to non-controlling interests	**(12)**	(49)	**–**	–
Equity instruments, at FVOCI,[1] net change in fair value	**(65)**	(207)	**(10)**	(12)
Defined benefit plans remeasurements	**(1)**	2	**–**	–
Own credit	**(1)**	1	**(1)**	1
Total other comprehensive income, net of tax	**165**	(3,251)	**279**	(770)
Total comprehensive income for the year, net of tax	**7,330**	2,388	**5,538**	3,375
Total comprehensive income attributable to:				
Equity holders of the Bank	**7,145**	2,443		
Non-controlling interests	**185**	(55)		
	7,330	2,388		

(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 2023

		GROUP			BANK	
	Note	31 December 2023 $ million	31 December 2022 $ million (Restated)	1 January 2022 $ million (Restated)	31 December 2023 $ million	31 December 2022 $ million
EQUITY						
Attributable to equity holders of the Bank						
Share capital	13	**18,045**	18,048	18,040	**18,045**	18,048
Other equity instruments	14	**1,248**	1,696	1,198	**1,248**	1,696
Capital reserves	15	**815**	792	782	**544**	560
Fair value reserves		**(439)**	(1,140)	852	**(435)**	(674)
Revenue reserves	16	**34,501**	31,721	29,868	**18,935**	17,286
		54,170	51,117	50,740	**38,337**	36,916
Non-controlling interests		**1,384**	1,308	1,407	**–**	–
Total equity		**55,554**	52,425	52,147	**38,337**	36,916
LIABILITIES						
Deposits of non-bank customers	17	**363,770**	350,081	342,395	**236,151**	223,310
Deposits and balances of banks	17	**10,884**	10,046	8,239	**8,080**	7,691
Due to subsidiaries		**–**	–	–	**38,828**	36,522
Due to associates		**276**	236	431	**186**	197
Trading portfolio liabilities		**194**	212	393	**194**	212
Derivative payables	18	**13,720**	16,048	9,070	**12,083**	14,300
Other liabilities	19	**9,156**	8,385	7,031	**3,565**	2,844
Current tax payables		**1,037**	995	905	**721**	566
Deferred tax liabilities	20	**636**	349	606	**106**	125
Debt issued	21	**26,553**	21,938	20,115	**25,721**	21,294
		426,226	408,290	389,185	**325,635**	307,061
Insurance contract liabilities and other liabilities for life insurance funds	22	**99,644**	96,209	98,153	**–**	–
Total liabilities		**525,870**	504,499	487,338	**325,635**	307,061
Total equity and liabilities		**581,424**	556,924	539,485	**363,972**	343,977
ASSETS						
Cash and placements with central banks	23	**34,286**	34,966	27,919	**28,450**	27,812
Singapore government treasury bills and securities	24	**19,165**	17,096	11,112	**17,832**	15,889
Other government treasury bills and securities	24	**26,465**	22,271	26,159	**10,804**	8,165
Placements with and loans to banks	25	**38,051**	30,244	25,462	**28,773**	18,680
Loans to customers	26	**292,754**	291,467	286,281	**207,508**	201,110
Debt and equity securities	29	**36,591**	28,010	34,015	**22,432**	16,621
Derivative receivables	18	**12,976**	15,605	9,267	**11,417**	13,742
Other assets	31	**7,278**	6,578	6,227	**3,463**	2,538
Deferred tax assets	20	**586**	448	285	**133**	104
Associates	32	**7,003**	6,353	6,200	**2,241**	2,228
Subsidiaries	33	**–**	–	–	**27,701**	33,923
Property, plant and equipment	34	**3,528**	3,483	3,506	**882**	818
Investment property	35	**723**	763	801	**469**	480
Goodwill and other intangible assets	36	**4,501**	4,643	4,774	**1,867**	1,867
		483,907	461,927	442,008	**363,972**	343,977
Investment securities for life insurance funds	22	**89,570**	83,445	86,806	**–**	–
Other assets for life insurance funds	22	**7,947**	11,552	10,671	**–**	–
Total assets		**581,424**	556,924	539,485	**363,972**	343,977

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

Statement of Changes in Equity – Group

For the financial year ended 31 December 2023

In $ million	Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
At 1 January 2023 – Restated	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 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.

In $ million	Attributable to equity holders of the Bank Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
At 1 January 2022 – Previously reported	19,238	782	848	31,795	52,663	1,675	54,338
Effect of adopting SFRS(I) 17	–	–	4	(1,927)	(1,923)	(268)	(2,191)
At 1 January 2022 – Restated	19,238	782	852	29,868	50,740	1,407	52,147
Total comprehensive income for the year							
Profit for the year	–	–	–	5,526	5,526	113	5,639
Other comprehensive income							
Items that may be reclassified subsequently to income statement:							
Financial assets, at FVOCI							
Fair value losses for the year	–	–	(2,252)	–	(2,252)	(168)	(2,420)
Reclassification of (gains)/losses to income statement							
– on disposal	–	–	254	–	254	10	264
– on impairment	–	–	(#)	–	(#)	(#)	(#)
Tax on net movements	–	–	261	–	261	28	289
Cash flow and other hedges	–	–	–	(2)	(2)	–	(2)
Net insurance financial result	–	–	–	273	273	37	310
Currency translation on foreign operations	–	–	–	(834)	(834)	–	(834)
Other comprehensive income of associates	–	–	(38)	(567)	(605)	–	(605)
Items that will not be reclassified subsequently to income statement:							
Currency translation on foreign operations attributable to non-controlling interests	–	–	–	–	–	(49)	(49)
Equity instruments, at FVOCI, net change in fair value	–	–	(217)	36	(181)	(26)	(207)
Defined benefit plans remeasurements	–	–	–	2	2	#	2
Own credit	–	–	–	1	1	–	1
Total other comprehensive income, net of tax	–	–	(1,992)	(1,091)	(3,083)	(168)	(3,251)
Total comprehensive income for the year	–	–	(1,992)	4,435	2,443	(55)	2,388
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	7	12	–	(19)	–	–	–
Buy-back of shares for holding as treasury shares	(250)	–	–	–	(250)	–	(250)
Dividends and distributions	–	–	–	(2,576)	(2,576)	(44)	(2,620)
DSP reserve from dividends on unvested shares	–	–	–	13	13	–	13
Perpetual capital securities issued	498	–	–	–	498	–	498
Share-based payments for staff costs	–	8	–	–	8	–	8
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(13)	–	–	(13)	–	(13)
Shares vested under DSP Scheme	–	103	–	–	103	–	103
Treasury shares transferred/sold	250	(100)	–	–	150	–	150
Total contributions by and distributions to owners	506	10	–	(2,582)	(2,066)	(44)	(2,110)
At 31 December 2022	19,744	792	(1,140)	31,721	51,117	1,308	52,425
Included in the balances:							
Share of reserves of associates	–	–	137	3,342	3,479	–	3,479

(1) Included regulatory loss allowance reserve of $444 million at 1 January 2022 and $455 million at 31 December 2022.
(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 2023

In $ million	Share capital and other equity	Capital reserves (1)	Fair value reserves	Revenue reserves	Total equity
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**
At 1 January 2022	19,238	559	(25)	15,825	35,597
Profit for the year	–	–	–	4,145	4,145
Other comprehensive income	–	–	(649)	(121)	(770)
Total comprehensive income for the year (2)	–	–	(649)	4,024	3,375
Transfers	7	(7)	–	–	–
Buy-back of shares for holding as treasury shares	(250)	–	–	–	(250)
Dividends and distributions	–	–	–	(2,576)	(2,576)
DSP reserve from dividends on unvested shares	–	–	–	13	13
Perpetual capital securities issued	498	–	–	–	498
Share-based payments for staff costs	–	8	–	–	8
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	250	–	–	–	250
At 31 December 2022	19,744	560	(674)	17,286	36,916

(1) Included regulatory loss allowance reserve of $444 million at 1 January 2023, 1 January 2022, 31 December 2023 and 31 December 2022.
(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.

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2023

In $ million	2023	2022 (Restated)
Cash flows from operating activities		
Profit before income tax	**8,401**	6,670
Adjustments for non-cash items:		
Allowances for loans and other assets	**733**	584
Amortisation of intangible assets	**103**	104
Change in hedging transactions, fair value through profit or loss securities and debt issued	**21**	130
Depreciation of property and equipment and interest expense on lease liabilities	**447**	429
Net (gain)/loss on disposal of government, debt and equity securities	**(47)**	206
Net gain on disposal of property and equipment	**(71)**	(99)
Share-based costs	**61**	80
Share of results of associates, net of tax	**(953)**	(910)
Operating profit before change in operating assets and liabilities	**8,695**	7,194
Change in operating assets and liabilities:		
Deposits of non-bank customers	**13,703**	7,518
Deposits and balances of banks	**838**	1,807
Derivative payables and other liabilities	**(1,772)**	8,105
Trading portfolio liabilities	**(19)**	(181)
Restricted balances with central banks	**(437)**	229
Government securities and treasury bills	**(5,952)**	(2,913)
Fair value through profit or loss securities	**(2,419)**	1,931
Placements with and loans to banks	**(7,808)**	(4,782)
Loans to customers	**(1,892)**	(5,795)
Derivative receivables and other assets	**3,285**	(5,508)
Net change in other assets and liabilities for life insurance funds	**4,317**	2,494
Cash provided by operating activities	**10,539**	10,099
Income tax paid [(1)]	**(1,412)**	(1,167)
Net cash provided by operating activities	**9,127**	8,932
Cash flows from investing activities		
Dividends from associates	**132**	145
Purchases of debt and equity securities	**(24,241)**	(11,622)
Purchases of investment securities for life insurance funds	**(46,610)**	(37,237)
Purchases of property and equipment	**(537)**	(479)
Proceeds from disposal of debt and equity securities	**18,037**	13,582
Proceeds from disposal of interests in associate	**1**	–
Proceeds from disposal of investment securities for life insurance funds	**42,675**	33,970
Proceeds from disposal of property and equipment	**89**	128
Net cash used in investing activities	**(10,454)**	(1,513)
Cash flows from financing activities		
Changes in non-controlling interests	**(44)**	–
Buy-back of shares for holding as treasury shares	**(205)**	(250)
Dividends and distributions paid	**(3,733)**	(2,620)
Net issue of other debt issued (Note 21.6)	**4,752**	1,897
Net proceeds from perpetual capital securities issued	**550**	498
Repayments of lease liabilities	**(77)**	(89)
Proceeds from subordinated debt issued (Note 21.6)	**–**	1,042
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**112**	150
Redemption of perpetual capital securities issued	**(1,000)**	–
Net cash provided by financing activities	**355**	628
Net change in cash and cash equivalents	**(972)**	8,047
Net currency translation adjustments	**(142)**	(773)
Cash and cash equivalents at 1 January	**29,984**	22,710
Cash and cash equivalents at 31 December (Note 23)	**28,870**	29,984

(1) In 2023, the Group paid income tax of $1,412 million (2022: $1,167 million), of which $634 million (2022: $576 million) was paid in Singapore and $778 million (2022: $591 million) in other jurisdictions.

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

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 27 February 2024.

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 2.20.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2023:

SFRS(I)	Title
SFRS(I) 17	*Insurance Contracts*
Various	*Amendments to SFRS(I) 17*
Various	*Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
SFRS(I) 1-8 (Amendments)	*Definition of Accounting Estimates*
SFRS(I) 1-12 (Amendments), SFRS(I) 1 (Amendments)	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
SFRS(I) 1-12 (Amendments)	*International Tax Reform—Pillar Two Model Rules*

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, except for the adoption of SFRS(I) 17 *Insurance Contracts*.

The Group has applied SFRS(I) 17, including any consequential amendments to other standards, from 1 January 2023. The adoption of SFRS(I) 17 by the Group's insurance subsidiary and associate has brought significant changes to the accounting policies (Note 2.13) for insurance and reinsurance contracts. The Group has restated information for the financial year 2022 for comparative purposes.

A. GEH Group – SFRS(I) 17 Insurance Contracts
Changes to Classification and Measurement

SFRS(I) 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by Great Eastern Holding Limited and its subsidiaries (collectively GEH Group).

The key principles of SFRS(I) 17 are that GEH Group:

- Identifies insurance contracts as those under which GEH Group accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other accounting standards;
- Divides the insurance and reinsurance contracts (or portfolios of contracts with similar risks and managed together) into groups based on the expected contract profitability;

2. Material Accounting Policy Information (continued)

2.1 Basis of Preparation (continued)

A. GEH Group – SFRS(I) 17 Insurance Contracts (continued)

Changes to Classification and Measurement (continued)

- Recognises and measures groups of insurance contracts at:
  - o A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; plus
  - o An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM);
- Recognises profit from a group of insurance contracts over the period GEH Group provides insurance coverage, as GEH Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, GEH Group recognises the loss immediately. An onerous contract group's expected loss is not offset against the expected gains of other contract groups.

Changes to Presentation and Disclosure

For presentation in the balance sheet, GEH Group aggregates portfolios of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the SFRS(I) 17 requirements.

The descriptions of the line items in the consolidated income statement have been changed significantly compared with the previous year. Previously, GEH Group reported the following line items: gross premiums, gross claims, maturities, surrenders and annuities and change in insurance contract liabilities. SFRS(I) 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expense;
- Insurance finance income or expense; and
- Income or expenses from reinsurance contracts held.

GEH Group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts and reinsurance contracts; and
- Significant judgements, and changes in those judgements made when applying the standard.

B. GEH Group – Transition

GEH Group has restated the comparative information based on the transition approaches taken on adoption of SFRS(I) 17.

Changes in accounting policies resulting from the adoption of SFRS(I) 17 were applied using the fully retrospective approach to the extent practicable and the modified retrospective approach or fair value approach. The fully retrospective approach was applied to insurance contracts that were originated less than one year prior to the effective date.

Where it was not possible to obtain all required historical data without undue cost and effort, the modified retrospective approach or fair value approach was applied. The modified retrospective approach was applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date. The fair value approach was applied to the remaining insurance contracts in force at transition date.

On transition date, at 1 January 2022, GEH Group:

- Identified, recognised and measured each group of insurance and reinsurance contracts as if SFRS(I) 17 had always been applied unless impracticable;
- Derecognised previously reported balances that would not have existed if SFRS(I) 17 had always been applied;
- Elected the option introduced by SFRS(I) 17 to redesignate certain financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities, and applied the classifications retrospectively; and
- Recognised any resulting net difference in equity.

2. Material Accounting Policy Information (continued)

2.1 Basis of Preparation (continued)

Impact on Transition

The net transition impact to the Group's equity consisted of the following effects.

<table>
<tr><th rowspan="2">Measurement adjustments</th><th colspan="2">Description of impact</th></tr>
<tr><th>Contracts not measured under Premium Allocation Approach (PAA) [(1)]</th><th>Contracts measured under PAA</th></tr>
<tr><td>CSM</td><td>A CSM liability is recognised for the unearned profit for insurance contracts.</td><td>Not applicable</td></tr>
<tr><td>Contract Measurement</td><td>Other components of insurance contracts are also remeasured:
• Risk adjustment: GEH Group recognises a separate risk adjustment for non-financial risk which is lower than the risk margin under SFRS(I) 4 as a result of recalibration of the measurement techniques to conform with the SFRS(I) 17 requirements.
• Discount rates: GEH Group now uses current discount rates to measure future cash flows as required by SFRS(I) 17.
• Deferred acquisition costs: Under SFRS(I) 17, GEH Group now recognises eligible insurance acquisition cash flows, when incurred, in the carrying amount of related groups of insurance contracts and amortises them in a systematic way based on the passage of time over the expected coverage of related groups of insurance contracts.
• Other changes: Include those related to the application of SFRS(I) 17 and provision for future taxes.</td><td>Other components of insurance contracts are remeasured:
• Risk adjustment: The risk adjustment is now measured at the 85th percentile under SFRS(I) 17 as compared to the provision for adverse deviation used under SFRS(I) 4 which was measured at the 75th percentile.
• Discounting future cash flows: Under SFRS(I) 17, GEH Group discounts the future cash flows when measuring liabilities for incurred claims. This was not done for non-life contracts previously.
• Deferred acquisition costs: Under SFRS(I) 17, GEH Group now recognises eligible insurance acquisition cash flows when incurred, in the carrying amount of related groups of insurance contracts and amortises them based on the passage of time.</td></tr>
<tr><td>Insurance Finance Reserve</td><td>Under SFRS(I) 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses in profit or loss. GEH Group has elected the option to include these changes for certain portfolios measured under General Measurement Model (GMM) under insurance finance reserve in the Group's equity.</td><td>Not applicable</td></tr>
</table>

(1) 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 non-life insurance contracts, because each of these contracts has a coverage period of one year or less, or meets the eligibility criteria.

Besides the impact on equity upon transition, there are also other changes in the balance sheet mainly resulting from insurance related receivables and payables now included within fulfilment cash flows instead of being presented separately.

Redesignation of Financial Assets and Classification Overlay

SFRS(I) 17 allows entities that had applied SFRS(I) 9 to annual periods before the initial application of SFRS(I) 17, to redesignate its financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities. A transition option was elected to apply a classification overlay for the financial assets as if the classification and measurement requirements of SFRS(I) 9 had been applied to that financial asset during the comparative period. At the transition date, the Group elected the option to redesignate debt instruments held with a carrying amount of $2,094 million from fair value through profit or loss to fair value through other comprehensive income.

2. Material Accounting Policy Information (continued)

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.

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 statements.

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.

2. Material Accounting Policy Information (continued)

2.2 Basis of Preparation (continued)

2.2.3 Associates and Joint Ventures (continued)

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.

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. Material Accounting Policy Information (continued)

2.5 Financial Instruments (continued)

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 profit or loss.

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.

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 rate 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, 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.

2. Material Accounting Policy Information (continued)

2.6 Non-Derivative Financial Assets (continued)

Classification and Measurement of Financial Assets (continued)

(a) Business Model Assessment (continued)

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 outstanding.

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. Equity instruments that are not held for trading may be classified as FVOCI based on an irrevocable election on initial recognition on an investment-by-investment basis.

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 as dividend income in the income statement. Dividend from equity instruments classified as FVOCI is recognised as dividend income in the income statement 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. Material Accounting Policy Information (continued)

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 profit or loss 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.

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.

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 profit or loss. 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.

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)

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.

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. Material Accounting Policy Information (continued)

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.

2.11 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 three macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

2. Material Accounting Policy Information (continued)

2.11 Impairment of Assets (continued)

(I) Financial Assets (continued)

2.11.3 Measurement (continued)

The three macroeconomic scenarios represent a most likely "Base" outcome, and two other less likely "Upside" and "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.

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 requirement, 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.

2. Material Accounting Policy Information (continued)

2.11 Impairment of Assets (continued)

(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.

2.11.7 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 in profit or loss, but are transferred to unappropriated profit when realised. Financial liabilities are held at fair value through profit or loss when:

(a) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
(b) the fair value option designation eliminates or significantly reduces accounting mismatch that would otherwise arise; or
(c) 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.

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.1 Definition and Classification (continued)

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 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 non-life insurance contracts, because each of these contracts have a coverage period of one year or less, or otherwise meets the eligibility criteria.

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 profit or loss.

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 contacts, 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. 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

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.

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.

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 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 2.20.3.

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 profit or loss 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 2.20.3.

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 contract 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 profit or loss. 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 profit or loss 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 profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as insurance finance income or expenses in profit or loss, 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 profit or loss 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 profit or loss 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:

a) expected incurred claims and other directly attributable expenses for the period;
b) changes in the risk adjustment for non-financial risk for the risk expired; and
c) 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 profit or loss.

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 profit or loss. 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.

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)

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 profit or loss 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 profit or loss 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 profit or loss 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 profit or loss 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.

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;

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.7 Measurement – Contracts Measured Under the PAA (continued)

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 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.

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 profit or loss:

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

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.8 Derecognition and Contract Modification (continued)

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 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.

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 consolidated 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

2. Material Accounting Policy Information (continued)

2.13 Insurance and Reinsurance Contracts (continued)

2.13.9 Insurance Service Result From Insurance Contracts Issued (continued)

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).

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 conventional life and non-life insurance contracts, GEH Group includes all insurance finance income or expenses for the period in profit or loss, 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 profit or loss 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 profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

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)

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

2.13.10 Life Insurance Assets and Liabilities

The assets and liabilities of the 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 "Property, plant and equipment".

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 expensed to profit or loss 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 the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2. Material Accounting Policy Information (continued)

2.16 Recognition of Income and Expense (continued)

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.

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. Also, no deferred tax is recognised with respect to Pillar Two model rules published by the Organisation for Economic Cooperation and Development ("Pillar Two legislation"). 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.

2. Material Accounting Policy Information (continued)

2.17 Income Tax Expense (continued)

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 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.

2.19 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.

2.20 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.

2.20.1 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.

<u>Allowances for Non-Credit-Impaired Loans to Customers</u>

As of 31 December 2023, the forward-looking scenarios used in the ECL model have been updated from those as of 31 December 2022, 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 include:

- Post-model adjustments that were made to more accurately reflect the continued weakness of certain industries and segments.

- Credit events assumed in an additional scenario which were modelled as a top-down post-model adjustment – As indicated in Note 2.11.3, Stages 1 and 2 ECL are modelled based on a central baseline forecast with its upper and lower bound to represent forecasting ranges. However, the central forecast with its upper/lower range may not factor in significant emerging risks and macroeconomic events that are expected but uncertain in terms of impact and timing. Such events have the potential to trigger a recession but are not adequately captured in existing forecasts. Therefore, the Group included an additional scenario in the computation of ECL. As such events are global in nature, these are modelled as a top-down post-model adjustment.

2. Material Accounting Policy Information (continued)

2.20 Critical Accounting Estimates and Judgements (continued)

2.20.1 Impairment of Financial Assets (continued)

Sensitivity of ECL

ECL is estimated to increase by $1,473 million (2022: $1,310 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 2023.

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

2.20.2 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.

2.20.3 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 quarter-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.

2. Material Accounting Policy Information (continued)

2.20 Critical Accounting Estimates and Judgements (continued)

2.20.3 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:

	2023				
Currency	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%

	2022				
Currency	1 year	5 years	10 years	15 years	20 years
SGD	3.75% – 4.68%	2.82% – 3.75%	3.06% – 3.99%	2.86% – 3.79%	2.46% – 3.39%
USD	4.64% – 5.60%	3.94% – 4.90%	3.82% – 4.78%	4.04% – 5.00%	4.15% – 5.11%
MYR	3.25% – 3.40%	3.88% – 4.16%	4.09% – 4.36%	4.36% – 4.80%	4.53% – 4.93%

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 the 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.

2.20 Critical Accounting Estimates and Judgements (continued)

2.20.3 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.

2.20.4 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.

2.20.5 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.

2.21 Comparative Figures

SFRS(I) 17

1) GEH Group has applied the transitional provisions in SFRS(I) 17 and has not disclosed the impact of the adoption of SFRS(I) 17 on each financial statement line item. The effects of adopting SFRS(I) 17 at 1 January 2022 are presented in the statement of changes in equity. The effects from applying SFRS(I) 17 by GEH Group resulted in a reduction of the Group's equity attributable to equity holders of $1,953 million, net of tax, as at 1 January 2022.

2) The effects from applying SFRS(I) 17 by the Group's associate resulted in the increase of the Group's equity attributable to equity holders of $30 million as at 1 January 2022.

2. Material Accounting Policy Information (continued)

2.21 Comparative Figures (continued)

Others

Certain comparative figures have been reclassified to be consistent with the presentation for 2023.

	GROUP		
	2022		
	As reclassified [1] $ million	As previously reported $ million	Increase/ (Decrease) $ million
Income Statement			
Dividends	–	125	(125)
Net trading income	929	834	95
Other income	18	(12)	30

	BANK		
	2022		
	As reclassified $ million	As previously reported $ million	Increase/ (Decrease) $ million
Income Statement			
Dividends	–	1,481	(1,481)
Dividends from subsidiaries and associates	1,399	–	1,399
Net trading income	418	336	82
Other income	2	2	#

(1) Excluding effects of SFRS(I) 17 adjustment to the financial year ended 31 December 2022.

3. Net Interest Income

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Interest income				
Loans to customers	**15,006**	8,852	**10,522**	5,555
Placements with and loans to banks	**3,296**	1,314	**3,060**	1,153
Other interest-earning assets	**2,565**	1,424	**1,572**	713
	20,867	11,590	**15,154**	7,421
Interest expense				
Deposits of non-bank customers	**(9,798)**	(3,223)	**(6,498)**	(1,866)
Deposits and balances of banks	**(470)**	(195)	**(1,709)**	(541)
Other borrowings	**(954)**	(484)	**(923)**	(462)
	(11,222)	(3,902)	**(9,130)**	(2,869)
Analysed by classification of financial instruments				
Income – Assets at amortised cost	**17,842**	9,976	**13,263**	6,620
Income – Assets at FVOCI	**2,619**	1,322	**1,570**	576
Income – Assets mandatorily measured at FVTPL	**406**	292	**321**	225
Expense – Liabilities not at FVTPL	**(11,128)**	(3,892)	**(9,037)**	(2,859)
Expense – Liabilities mandatorily measured at FVTPL	**(94)**	(10)	**(93)**	(10)
Net interest income	**9,645**	7,688	**6,024**	4,552

Included in interest income were interest of $31 million (2022: $28 million) and $16 million (2022: $13 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 2023 and 31 December 2022.

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

Insurance Service Result from Life Insurance

	GROUP	
	2023 $ million	2022 $ million (Restated)
Insurance revenue from life insurance		
Expected incurred claims and other insurance service expenses	**4,062**	3,936
Change in the risk adjustment for non-financial risk for the risk expired	**426**	433
CSM recognised in profit or loss for the services provided	**773**	858
Insurance acquisition cash flows recovery	**456**	281
	5,717	5,508
Insurance service expenses	**(4,758)**	(4,696)
Net expense from reinsurance contracts held	**(532)**	(129)
Insurance service result from life insurance	**427**	683

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	
	2023 $ million	2022 $ million (Restated)
Investment income/(loss)		
Interest income	**2,237**	2,034
Other investment income/(loss)	**3,366**	(6,975)
Net impairment loss on financial assets	**(13)**	(25)
Amounts recognised at OCI	**402**	(1,188)
Total investment income/(loss)	**5,992**	(6,154)
Finance (expenses)/income from insurance contracts issued		
Changes in value of underlying assets of contract measured under the VFA	**(4,492)**	5,102
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	**210**	257
Interest accreted	**(672)**	(362)
Effect of changes in interest rates and other financial assumptions	**(281)**	425
Gain on currency exchange differences	**68**	29
Others	**(12)**	38
Total finance (expenses)/income from insurance contracts issued	**(5,179)**	5,489
Represented by:		
Amounts recognised in profit or loss	**(5,244)**	5,072
Amounts recognised in OCI	**65**	417
	(5,179)	5,489
Finance (expenses)/income from reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	**8**	8
Effect of changes in interest rates and other financial assumptions	**(21)**	(35)
(Loss)/gain on currency exchange differences	**(1)**	2
Total finance expenses from reinsurance contracts held	**(14)**	(25)
Represented by:		
Amounts recognised in profit or loss	**5**	13
Amounts recognised in OCI	**(19)**	(38)
	(14)	(25)

5. Fees and Commissions (Net)

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Gross fee and commission income				
Brokerage	**75**	103	**2**	2
Credit card	**369**	337	**321**	295
Fund management	**107**	119	**–**	–
Guarantees	**14**	14	**4**	6
Investment banking	**90**	100	**73**	87
Loan-related	**207**	180	**146**	118
Service charges	**99**	87	**79**	64
Trade-related and remittances	**275**	298	**194**	208
Wealth management [(1)]	**896**	919	**288**	302
Others	**55**	50	**10**	10
	2,187	2,207	**1,117**	1,092
Fee and commission expense	**(383)**	(356)	**(236)**	(213)
Fees and commissions (net)	**1,804**	1,851	**881**	879

(1) Includes trust and custodian fees.

6. Dividends from Subsidiaries and Associates

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million (Restated)
Subsidiaries	**–**	–	**1,372**	1,261
Associates	**–**	–	**127**	138
	–	–	**1,499**	1,399

7. Net Trading Income

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million (Restated)
Foreign exchange [1]	**611**	761	**207**	308
Hedging activities [2]				
Hedging instruments	**133**	65	**169**	(52)
Hedged items	**(125)**	(61)	**(166)**	56
Net gain from fair value hedge ineffectiveness	**8**	4	**3**	4
Net gain/(loss) from interest rate and other derivative financial instruments [3]	**52**	259	**(41)**	127
Net gain/(loss) from non-derivative financial instruments [4][5]	**338**	(96)	**251**	(22)
Others	**(5)**	1	**(5)**	1
	1,004	929	**415**	418

(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 $98 million and $84 million for the Group and Bank (2022: $95 million and $82 million) respectively.

8. Other Income

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million (Restated)
Disposal of investment securities	**47**	(206)	**45**	(149)
Disposal of property, plant and equipment	**71**	99	**19**	24
Rental and property-related income	**87**	78	**67**	55
Dividends from FVOCI securities	**30**	30	**1**	#
Others	**11**	14	**87**	72
	246	15	**219**	2

9. Staff Costs and Other Operating Expenses

		GROUP		BANK	
		2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
9.1	**Staff costs**				
	Salaries and other costs	**3,172**	2,909	**1,094**	1,031
	Share-based expenses	**60**	79	**21**	28
	Contribution to defined contribution plans	**254**	236	**92**	88
		3,486	3,224	**1,207**	1,147
	Directors' emoluments:				
	Remuneration of Bank's directors	**9**	2	**9**	2
	Fees of Bank's directors (1)	**6**	7	**5**	5
		15	9	**14**	7
	Total staff costs	**3,501**	3,233	**1,221**	1,154
9.2	**Other operating expenses**				
	Property and equipment: (2)				
	Depreciation	**440**	426	**227**	201
	Maintenance and rental (3)	**162**	163	**101**	104
	Others	**364**	330	**219**	201
		966	919	**547**	506
	Auditors' remuneration:				
	Payable to auditor of the Bank	**10**	7	**3**	3
	Payable to associated firms of auditor of the Bank	**7**	4	**1**	1
	Payable to other auditors	**#**	#	**#**	#
		17	11	**4**	4
	Other fees:				
	Payable to auditor of the Bank (4)	**2**	3	**1**	2
	Payable to associated firms of auditor of the Bank	**1**	1	**1**	#
		3	4	**2**	2
	Hub processing charges	**–**	–	**416**	326
	Others (5)	**736**	671	**449**	400
		736	671	**865**	726
	Total other operating expenses	**1,722**	1,605	**1,418**	1,238
9.3	**Staff costs and other operating expenses**	**5,223**	4,838	**2,639**	2,392

(1) Includes remuneration shares amounting to $1 million (2022: $1 million) issued to directors.
(2) Direct operating expenses on investment property that generated rental income for the Group and the Bank amounted to $17 million and $5 million (2022: $18 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 $2 million and $# million (2022: $2 million and $# million) respectively.
(3) Includes expenses relating to short-term leases of $12 million and $4 million for the Group and the Bank (2022: $11 million and $5 million) respectively, and low-value assets of $4 million and $1 million (2022: $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 2023 $ million	GROUP 2022 $ million	BANK 2023 $ million	BANK 2022 $ million
Allowances/(write-back):				
Impaired loans (Note 28)	**269**	136	**182**	40
Impaired other assets	**64**	80	**13**	1
Non-impaired loans	**394**	369	**276**	169
Non-impaired other assets	**6**	(1)	**5**	#
Allowances for loans and other assets	**733**	584	**476**	210

11. Income Tax Expense

	GROUP 2023 $ million	GROUP 2022 $ million (Restated)	BANK 2023 $ million	BANK 2022 $ million
Current tax expense	**1,285**	1,239	**730**	533
Deferred tax credit (Note 20)	**(29)**	(149)	**(45)**	(24)
	1,256	1,090	**685**	509
Over provision in prior years	**(20)**	(59)	**(21)**	(6)
Charge to income statements	**1,236**	1,031	**664**	503

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

	GROUP 2023 $ million	GROUP 2022 $ million (Restated)	BANK 2023 $ million	BANK 2022 $ million
Operating profit after allowances and amortisation	**7,448**	5,760	**5,923**	4,648
Prima facie tax calculated at tax rate of 17%	**1,266**	979	**1,007**	790
Effect of:				
Different tax rates in other countries	**116**	190	**27**	43
Income not subject to tax	**(24)**	(12)	**(246)**	(219)
Income taxed at concessionary rates	**(197)**	(135)	**(185)**	(126)
Singapore life insurance funds	**(11)**	(19)	**–**	–
Non-deductible expenses and losses	**108**	17	**68**	#
Others	**(2)**	70	**14**	21
	1,256	1,090	**685**	509
The deferred tax credit comprised:				
Accelerated tax depreciation	**(1)**	3	**(1)**	(2)
Depreciable assets acquired in business combinations	**(10)**	(10)	**(1)**	(1)
Tax losses	**(41)**	(29)	**(25)**	(7)
Insurance/reinsurance contract liabilities	**58**	(97)	**–**	–
Unrealised gains/(losses) on financial assets	**22**	(9)	**22**	(4)
Allowances for assets	**(56)**	(53)	**(36)**	(24)
Other temporary differences	**(1)**	46	**(4)**	14
	(29)	(149)	**(45)**	(24)

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 has not been enacted in Singapore, the Bank's country of incorporation. Pillar Two legislation was enacted or substantively enacted in Japan, Luxembourg, Malaysia, South Korea, the United Kingdom and Vietnam, and will come into effect from 1 January 2024 for Luxembourg, South Korea, the United Kingdom, and Vietnam, fiscal year beginning on or after 1 April 2024 for Japan and 1 January 2025 for Malaysia. Under the legislation, the Group is expected to be subject to top-up tax for the difference between their Global Anti-Base Erosion (GloBE) rules effective tax rate per jurisdiction and the 15% minimum rate.

As the Group is in the process of assessing its exposure to the Pillar Two legislation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS(I) 1-12 issued in May 2023.

12. Earnings Per Share

	GROUP	
	2023 $ million	2022 $ million (Restated)
Profit attributable to equity holders of the Bank	**7,021**	5,526
Perpetual capital securities distributions declared in respect of the period	**(66)**	(56)
Profit attributable to ordinary equity holders of the Bank after other equity distributions	**6,955**	5,470
Weighted average number of ordinary shares (million)		
For basic earnings per share	**4,495**	4,494
Adjustment for assumed conversion of share options and acquisition rights	**3**	3
For diluted earnings per share	**4,498**	4,497
Earnings per share ($)		
Basic	**1.55**	1.22
Diluted	**1.55**	1.22

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Bank net of preference dividends and 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	2023 Shares (million)	2022 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	**(20)**	(23)
Share buyback	**(16)**	(21)
Share Option Scheme	**4**	6
Share Purchase Plan	**6**	10
Treasury shares transferred to DSP Trust	**5**	8
At 31 December	**(21)**	(20)

GROUP AND BANK	2023 $ million	2022 $ million
Issued share capital, at 31 December	**18,045**	18,048

(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 2023 and 31 December 2022.

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 2023 and 31 December 2022, no options were granted under the 2001 Scheme.

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:

	2023		2022	
	Number of shares under options ('000)	Average price	Number of shares under options ('000)	Average price
At 1 January	**18,377**	**$10.760**	25,111	$10.450
Exercised	**(3,692)**	**$9.787**	(6,542)	$9.520
Forfeited/lapsed	**(386)**	**$13.252**	(192)	$12.585
At 31 December	**14,299**	**$10.943**	18,377	$10.760
Exercisable options at 31 December	**14,299**	**$10.943**	18,377	$10.760
Average share price underlying the options exercised		**$12.619**		$12.245

At 31 December 2023, the weighted average remaining contractual life of outstanding share options was 2.9 years (2022: 3.5 years). The aggregate number of shares under outstanding options held by a director of the Bank was 43,512 (2022: 310,824).

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 2023, the Bank launched its eighteenth offering under the ESP Plan, which commenced on 1 September 2023 and will expire on 31 August 2025. Under the eighteenth offering, the Bank granted rights to acquire 8,899,030 (2022: 8,738,996) ordinary shares in the Bank. For the financial years ended 31 December 2023 and 31 December 2022, 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 $6.6 million (2022: $7.9 million). Significant inputs to the valuation model are set out below:

	2023	2022
Acquisition price ($)	**12.47**	12.07
Share price ($)	**12.94**	12.24
Expected volatility based on historical volatility as of acceptance date (%)	**12.97**	16.51
Singapore government bond yields (%)	**3.36**	2.45
Expected dividend yield (%)	**4.91**	4.05

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:

	2023		2022	
	Number of acquisition rights ('000)	Average price	Number of acquisition rights ('000)	Average price
At 1 January	**14,908**	**$11.851**	17,850	$10.147
Exercised and conversion upon expiry	**(6,589)**	**$11.602**	(9,581)	$9.036
Forfeited	**(1,726)**	**$12.072**	(2,100)	$11.129
Subscription	**8,899**	**$12.470**	8,739	$12.070
At 31 December	**15,492**	**$12.287**	14,908	$11.851
Average share price underlying acquisition rights exercised/converted		**$12.649**		$11.986

At 31 December 2023, the weighted average remaining contractual life of outstanding acquisition rights was 1.2 years (2022: 1.2 years). At 31 December 2023 and 31 December 2022, 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, 5,413,124 (2022: 9,734,401) deferred shares were released to employees under the DSP, of which 102,324 deferred shares were released to directors of the Bank who held office at 31 December 2023.

Total awards of 6,785,111 (2022: 9,232,761) ordinary shares were granted and accepted by eligible executives under the DSP 2021 for the financial year ended 31 December 2023, of which 287,200 ordinary shares were granted to directors of the Bank who held office as at 31 December 2023. The fair value of the shares at grant date was $83.8 million (2022: $108.1 million). During the year, 3,787,000 (2022: nil) deferred shares were released to employees under the DSP 2021, of which 76,853 deferred shares were released to directors of the Bank who held office at 31 December 2023.

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

14. Other Equity Instruments

	Note	GROUP AND BANK 2023 $ million	2022 $ million
SGD1,000 million 4.0% non-cumulative non-convertible perpetual capital securities (4.0% Capital Securities)	(a)	**–**	998
SGD200 million 3.0% non-cumulative non-convertible perpetual capital securities (3.0% Capital Securities)	(b)	**200**	200
SGD500 million 3.9% non-cumulative non-convertible perpetual capital securities (3.9% Capital Securities)	(c)	**498**	498
SGD550million 4.5% non-cumulative non-convertible perpetual capital securities (4.5% Capital Securities)	(d)	**550**	–
		1,248	1,696

(a) The 4.0% Capital Securities issued by the Bank on 24 August 2018 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 4.0% Capital Securities were fully redeemed by the Bank on 24 August 2023.

(b) 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.

14. Other Equity Instruments (continued)

(c) 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.

(d) 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.

15. Capital Reserves

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
At 1 January	**792**	782	**560**	559
Share-based payments for staff costs	**6**	8	**6**	8
Shares transferred to DSP Trust	**(84)**	(113)	**–**	–
Shares vested under DSP Scheme	**113**	103	**–**	–
Transfer from unappropriated profit (Note 16.1)	**10**	19	**–**	–
Transfer to share capital	**(22)**	(7)	**(22)**	(7)
At 31 December	**815**	792	**544**	560

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.

16. Revenue Reserves

	Note	GROUP 2023 $ million	GROUP 2022 $ million (Restated)	BANK 2023 $ million	BANK 2022 $ million
Unappropriated profit	16.1	**35,549**	32,185	**17,735**	16,119
General reserves	16.2	**1,317**	1,277	**1,412**	1,406
Cash flow and other hedge reserves	16.3	**101**	(3)	**41**	(28)
Currency translation reserves	16.4	**(2,464)**	(1,737)	**(251)**	(210)
Own credit reserves		**(2)**	(1)	**(2)**	(1)
At 31 December		**34,501**	31,721	**18,935**	17,286

16.1 Unappropriated Profit

	GROUP 2023 $ million	GROUP 2022 $ million (Restated)	BANK 2023 $ million	BANK 2022 $ million
Profit attributable to equity holders of the Bank	**7,021**	5,526	**5,259**	4,145
Add:				
Unappropriated profit at 1 January	**32,185**	30,785	**16,119**	14,535
Effect of adopting SFRS(I) 17	**–**	(1,576)	**–**	–
Total amount available for appropriation	**39,206**	34,735	**21,378**	18,680
Appropriated as follows:				
Ordinary dividends:				
Final tax-exempt dividend of 40 cents paid for the previous financial year (2022: tax-exempt dividend of 28 cents)	**(1,800)**	(1,260)	**(1,800)**	(1,260)
Interim tax-exempt dividend of 40 cents paid for the current financial year (2022: tax-exempt dividend of 28 cents)	**(1,798)**	(1,260)	**(1,798)**	(1,260)
Distributions for other equity instruments:				
4.0% perpetual capital securities	**(40)**	(40)	**(40)**	(40)
3.0% perpetual capital securities	**(6)**	(6)	**(6)**	(6)
3.9% perpetual capital securities	**(20)**	(10)	**(20)**	(10)
Transfer (to)/from:				
Capital reserves (Note 15)	**(10)**	(19)	**–**	–
Fair value reserves	**14**	37	**13**	8
General reserves (Note 16.2)	**10**	7	**10**	7
Others	**(7)**	1	**(2)**	(#)
	(3,657)	(2,550)	**(3,643)**	(2,561)
At 31 December	**35,549**	32,185	**17,735**	16,119

At the annual general meeting to be held, a final tax-exempt dividend of 42 cents per ordinary share in respect of the financial year ended 31 December 2023, totalling $1,888 million, will be proposed. The dividends will be accounted for as a distribution in the 2024 financial statements.

16. Revenue Reserves (continued)

16.2 General Reserves

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
At 1 January – Previously reported	**1,277**	1,349	**1,406**	1,400
Effect of adopting SFRS(I) 17	**–**	(351)	**–**	–
At 1 January – Restated	**1,277**	998	**1,406**	1,400
DSP reserve from dividends on unvested shares	**16**	13	**16**	13
Net insurance financial result	**34**	273	**–**	–
Transfer to unappropriated profit (Note 16.1)	**(10)**	(7)	**(10)**	(7)
At 31 December	**1,317**	1,277	**1,412**	1,406

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	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
At 1 January – Previously reported	**(1,737)**	(336)	**(210)**	(101)
Effect of adopting SFRS(I) 17	**–**	(#)	**–**	–
At 1 January – Restated	**(1,737)**	(336)	**(210)**	(101)
Movements for the year	**(858)**	(1,430)	**(45)**	(111)
Gain from foreign currency net investment hedges	**131**	29	**4**	2
At 31 December	**(2,464)**	(1,737)	**(251)**	(210)

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.

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

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Deposits of non-bank customers				
Current accounts	**104,465**	112,245	**64,287**	65,250
Savings deposits	**72,527**	69,036	**62,073**	57,364
Term deposits	**141,547**	128,443	**73,027**	65,764
Structured deposits	**8,447**	4,972	**3,046**	1,693
Certificates of deposit issued	**23,639**	23,979	**23,101**	23,445
Other deposits	**13,145**	11,406	**10,617**	9,794
	363,770	350,081	**236,151**	223,310
Deposits and balances of banks	**10,884**	10,046	**8,080**	7,691
	374,654	360,127	**244,231**	231,001

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.

	2023			2022		
GROUP ($ million)	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives (FED)						
Forwards	**52,751**	**408**	**385**	45,985	473	512
Swaps	**477,047**	**4,414**	**5,105**	437,131	5,734	6,076
OTC options	**48,259**	**261**	**258**	66,376	495	476
	578,057	**5,083**	**5,748**	549,492	6,702	7,064
Interest rate derivatives (IRD)						
Swaps	**648,196**	**7,215**	**7,074**	506,660	8,110	8,069
OTC options	**12,758**	**33**	**53**	12,276	62	72
Exchange traded options	**–**	**–**	**–**	67	1	–
Exchange traded futures	**20,489**	**1**	**1**	12,499	10	1
Others	**129**	**–**	**2**	–	–	–
	681,572	**7,249**	**7,130**	531,502	8,183	8,142
Equity derivatives						
Swaps	**4,384**	**312**	**490**	3,688	369	508
OTC options	**6,227**	**175**	**185**	5,339	231	200
Exchange traded futures	**367**	**2**	**#**	216	1	1
Others	**81**	**#**	**5**	103	#	7
	11,059	**489**	**680**	9,346	601	716
Credit derivatives						
Swaps – protection buyer	**3,155**	**1**	**54**	3,993	6	37
Swaps – protection seller	**2,573**	**44**	**–**	3,310	30	6
	5,728	**45**	**54**	7,303	36	43
Other derivatives						
Precious metals	**1,372**	**12**	**11**	741	9	9
OTC options	**10,735**	**98**	**97**	8,544	74	74
Commodity swaps	**–**	**–**	**–**	3	#	#
	12,107	**110**	**108**	9,288	83	83
Total	**1,288,523**	**12,976**	**13,720**	1,106,931	15,605	16,048

18. Derivative Financial Instruments (continued)

BANK ($ million)	2023 Principal notional amount	2023 Derivative receivables	2023 Derivative payables	2022 Principal notional amount	2022 Derivative receivables	2022 Derivative payables
Foreign exchange derivatives (FED)						
Forwards	**32,743**	**288**	**271**	30,624	294	361
Swaps	**379,657**	**3,566**	**4,098**	362,328	4,482	4,813
OTC options	**45,800**	**249**	**249**	63,795	472	463
	458,200	**4,103**	**4,618**	456,747	5,248	5,637
Interest rate derivatives (IRD)						
Swaps	**451,924**	**6,674**	**6,602**	375,121	7,754	7,795
OTC options	**11,103**	**33**	**52**	11,431	63	72
Exchange traded options	**–**	**–**	**–**	67	1	–
Exchange traded futures	**20,421**	**1**	**1**	11,807	9	#
Others	**45**	**–**	**2**	–	–	–
	483,493	**6,708**	**6,657**	398,426	7,827	7,867
Equity derivatives						
Swaps	**4,010**	**286**	**465**	3,581	366	501
OTC options	**5,876**	**173**	**184**	4,708	192	170
Exchange traded futures	**241**	**–**	**#**	176	#	1
Others	**81**	**#**	**5**	103	#	7
	10,208	**459**	**654**	8,568	558	679
Credit derivatives						
Swaps – protection buyer	**2,966**	**1**	**53**	3,779	5	37
Swaps – protection seller	**2,384**	**43**	**–**	3,106	30	5
	5,350	**44**	**53**	6,885	35	42
Other derivatives						
Precious metals	**741**	**7**	**7**	79	1	2
OTC options	**9,920**	**96**	**94**	8,372	73	73
	10,661	**103**	**101**	8,451	74	75
Total	**967,912**	**11,417**	**12,083**	879,077	13,742	14,300

19. Other Liabilities

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
Bills payable	**422**	473	**378**	400
Interest payable	**1,995**	1,121	**1,291**	726
Lease liabilities	**218**	216	**59**	70
Precious metal liabilities	**1,001**	1,281	**13**	21
Sundry creditors	**3,608**	3,605	**883**	862
Others	**1,912**	1,689	**941**	765
	9,156	8,385	**3,565**	2,844

At 31 December 2023, non-life insurance contract liabilities included in "Others" amounted to $673 million (2022: $687 million) for the Group.

20. Deferred Tax

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
At 1 January – Previously reported	**(99)**	2,552	**21**	66
Effects of adopting SFRS(I) 17	**–**	(2,231)	**–**	–
At 1 January – Restated	**(99)**	321	**21**	66
Currency translation and others	**74**	4	**(3)**	6
Net credit to income statements (Note 11)	**(29)**	(149)	**(45)**	(24)
Over provision in prior years	**(21)**	(1)	**(27)**	–
Net charge/(credit) to equity	**76**	(293)	**27**	(27)
Net change in tax for life insurance funds	**49**	19	**–**	–
At 31 December	**50**	(99)	**(27)**	21

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.

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	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
Deferred tax liabilities				
Accelerated tax depreciation	**110**	123	**70**	71
Unrealised gains on investments	**45**	47	**26**	–
Depreciable assets acquired in business combination	**97**	110	**33**	34
Provision for policy liabilities	**326**	37	**–**	–
Regulatory loss allowance reserve	**63**	63	**63**	63
Others	**50**	40	**#**	4
	691	420	**192**	172
Amount offset against deferred tax assets	**(55)**	(71)	**(86)**	(47)
	636	349	**106**	125
Deferred tax assets				
Allowances for impairment of assets	**(352)**	(281)	**(148)**	(85)
Tax losses	**(119)**	(34)	**(35)**	(13)
Unrealised losses on financial assets	**(59)**	(102)	**(18)**	(38)
Others	**(111)**	(102)	**(18)**	(15)
	(641)	(519)	**(219)**	(151)
Amount offset against deferred tax liabilities	**55**	71	**86**	47
	(586)	(448)	**(133)**	(104)
Net deferred tax liabilities/(assets)	**50**	(99)	**(27)**	21

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 2023, unutilised tax losses carried forward for which no deferred income tax has been recognised amounted to $133 million (2022: $63 million) for the Group, $52 million (2022: $6 million) for the Bank. These tax losses have no expiry date except for an amount of $125 million (2022: $61 million) which will expire between the years 2024 and 2037 (2022: years 2023 and 2030).

21. Debt Issued

		GROUP		BANK	
	Note	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Subordinated debt	21.1	**3,499**	3,484	**3,499**	3,484
Fixed and floating rate notes	21.2	**4,191**	3,202	**3,387**	2,558
Commercial paper	21.3	**14,418**	10,759	**14,390**	10,759
Structured notes	21.4	**3,747**	2,713	**3,747**	2,713
Covered bonds	21.5	**698**	1,780	**698**	1,780
Total debt issued		**26,553**	21,938	**25,721**	21,294

21.1 Subordinated Debt

				GROUP	
	Note	Issue date	Maturity date	2023 $ million	2022 $ million
Issued by the Bank:					
USD1 billion 4.25% notes	(a)	19 Jun 2014	19 Jun 2024	**1,301**	1,298
USD1 billion 1.832% notes	(b)	10 Sep 2020	10 Sep 2030	**1,239**	1,220
USD0.75 billion 4.602% notes	(c)	15 Jun 2022	15 Jun 2032	**959**	966
Total subordinated debt				**3,499**	3,484

(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 4.25% 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.

(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 1.58% 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.

21. Debt Issued (continued)

21.2 Fixed and Floating Rate Notes

				GROUP	
	Note	Issue date	Maturity date	2023 $ million	2022 $ million
Issued by the Bank:					
AUD200 million floating rate notes	(a)	4 Sep 2020	4 Sep 2023	**–**	182
AUD200 million floating rate notes	(a)	19 Aug 2022 – 30 Aug 2022	20 Nov 2023	**–**	182
AUD250 million fixed rate notes	(a)	20 Jan 2022	20 Jan 2023	**–**	228
AUD460 million floating rate notes	(b)	18 Mar 2021 – 25 Mar 2021	18 Mar 2024	**415**	419
AUD500 million floating rate notes	(b)	12 Aug 2021	12 Aug 2024	**450**	455
AUD700 million floating rate notes	(b)	14 Apr 2022	14 Apr 2025	**631**	637
AUD500 million floating rate notes	(b)	11 Aug 2022	11 Aug 2025	**451**	455
AUD200 million floating rate notes	(b)	20 Jan 2023	25 Nov 2024	**180**	–
AUD1,000 million floating rate notes	(b)	18 May 2023	18 May 2026	**900**	–
AUD200 million floating rate notes	(b)	21 Aug 2023	21 Aug 2024	**180**	–
AUD200 million floating rate notes	(b)	21 Nov 2023	21 Mar 2025	**180**	–
				3,387	2,558
Issued by Pac Lease Berhad:					
MYR50 million 3.20% fixed rate notes	(a)	30 Jul 2021	2 Aug 2023	**–**	15
MYR50 million 3.28% fixed rate notes	(a)	13 Aug 2021	14 Feb 2024	**–**	9
MYR80 million 3.48% fixed rate notes	(a)	17 Dec 2021	18 Jun 2024	**–**	25
MYR50 million 4.05% fixed rate notes	(a)	28 Jun 2022	10 Jan 2024	**–**	15
MYR30 million 4.34% fixed rate notes	(c)	21 Mar 2023	21 Mar 2025	**9**	–
MYR70 million 4.50% fixed rate notes	(c)	21 Mar 2023	19 Mar 2026	**20**	–
MYR100 million 4.35% fixed rate notes	(c)	26 Apr 2023	24 Apr 2026	**29**	–
MYR80 million 3.48% fixed rate notes	(c)	19 Jun 2023	18 Jun 2024	**23**	–
MYR50 million 4.05% fixed rate notes	(c)	28 Jun 2023	10 Jan 2024	**14**	–
MYR50 million 4.15% fixed rate notes	(c)	27 Jul 2023	29 Jul 2025	**14**	–
MYR50 million 4.25% fixed rate notes	(c)	2 Aug 2023	4 Aug 2026	**14**	–
MYR45 million 4.15% fixed rate notes	(c)	3 Aug 2023	5 Aug 2025	**13**	–
MYR50 million 3.28% fixed rate notes	(c)	14 Aug 2023	14 Feb 2024	**15**	–
				151	64
Issued by OCBC Bank Limited:					
CNY730 million 3.50% fixed rate bonds	(d)	24 May 2021	24 May 2024	**136**	142
CNY1.02 billion 3.32% fixed rate bonds	(d)	22 Nov 2021	22 Nov 2024	**191**	198
CNY750 million 2.99% fixed rate bonds	(d)	30 May 2022	30 May 2025	**140**	144
CNY500 million 3.24% fixed rate bonds	(d)	17 Nov 2022	17 Nov 2025	**93**	96
CNY500 million 2.88% fixed rate bonds	(d)	17 Aug 2023	17 Aug 2026	**93**	–
				653	580
Total fixed and floating rate notes				**4,191**	3,202

(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 0.26% to 0.82% per annum.

(c) Interest is payable monthly/semi-annually.

(d) Interest is payable annually.

21. Debt Issued (continued)

21.3 Commercial Paper

	GROUP	
	2023 $ million	2022 $ million
Issued by the Bank	**14,390**	10,759
Issued by subsidiary	**28**	–
	14,418	10,759

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 2023 (2022: 31 December 2022) were issued between 18 September 2023 (2022: 9 February 2022) and 27 December 2023 (2022: 12 December 2022), and mature between 2 January 2024 (2022: 3 January 2023) and 14 May 2024 (2022: 22 May 2023). The commercial papers are zero-coupon papers, or floating coupon rate papers pegged to monthly or quarterly market rates.

21.4 Structured Notes

			GROUP	
	Issue date	Maturity date	2023 $ million	2022 $ million
Issued by the Bank:				
Credit linked notes	1 Oct 2012 – 29 Dec 2023	12 Mar 2024 – 21 Dec 2028	**1,126**	912
Fixed rate notes	9 Oct 2012 – 29 Dec 2023	3 Jan 2024 – 24 Aug 2043	**834**	107
Bond linked notes	26 May 2017 – 19 Dec 2023	11 Mar 2024 – 01 Dec 2034	**132**	130
Fund linked notes	5 Aug 2019 – 20 Dec 2023	22 Feb 2024 – 14 Nov 2029	**115**	71
Participation notes	14 Jun 2019 – 31 Dec 2023	28 Feb 2024 – 07 Jul 2028	**1,490**	1,491
Equity linked notes	13 May 2022 – 29 Dec 2023	02 Jan 2024 – 19 May 2027	**50**	2
			3,747	2,713

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 $1,040 million (2022: $909 million) included under credit linked notes, $726 million included under fixed rate notes (2022: nil), $2 million included under equity linked notes (2022: nil) and $132 million (2022: $131 million) included under bond linked notes as at 31 December 2023 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.

21. Debt Issued (continued)

21.5 Covered Bonds

	Issue date	Maturity date	GROUP 2023 $ million	2022 $ million
Issued by the Bank:				
EUR500 million 0.375% fixed rate bonds	1 Mar 2018	1 Mar 2023	–	712
EUR500 million 0.625% fixed rate bonds	18 Apr 2018	18 Apr 2025	**698**	663
GBP250 million floating rate bonds	14 Mar 2018	14 Mar 2023	–	405
			698	1,780

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 and GBP covered bonds is payable annually and quarterly, respectively, 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 2022	2,730	2,771	8,668	2,425	3,521	20,115
Cash flows	1,042	635	2,341	377	(1,456)	2,939
Non-cash changes						
Currency translation	(52)	(204)	(290)	(73)	(118)	(737)
Others	(236)	(#)	40	(16)	(167)	(379)
At 31 December 2022/1 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	**3,499**	**4,191**	**14,418**	**3,747**	**698**	**26,553**

22. Assets and Liabilities for Life Insurance Funds

	GROUP	
	2023 $ million	2022 $ million (Restated)
Insurance contract liabilities and other liabilities for life insurance funds		
Insurance contract liabilities	**97,386**	94,157
Reinsurance contract liabilities	**166**	445
Others	**2,092**	1,607
	99,644	96,209
Other assets for life insurance funds		
Deposits with banks and financial institutions	**3,082**	6,028
Loans	**509**	479
Investment property	**1,881**	1,881
Reinsurance contract assets	**512**	811
Insurance contract assets	**12**	355
Others [(1)]	**1,951**	1,998
	7,947	11,552
Investment securities for life insurance funds	**89,570**	83,445
	97,517	94,997
Balances for life insurance funds included under the following balance sheet items:		
Liabilities		
Current tax	**144**	139
Deferred tax	**254**	107
Other liabilities	**51**	62
Assets		
Cash and placements with central banks	**#**	#
Placements with and loans to banks	**2,271**	2,136
Property, plant and equipment and intangible assets	**651**	654
Deferred tax assets	**4**	7

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

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

	2023				2022 (Restated)			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
$ million	Excluding loss component	Loss component	Liabilities for incurred claim	Total	Excluding loss component	Loss component	Liabilities for incurred claim	Total
Insurance contract liabilities at 1 January	**86,739**	**308**	**7,110**	**94,157**	89,940	–	6,585	96,525
Insurance contract assets at 1 January	**(371)**	**25**	**(9)**	**(355)**	(219)	10	(1)	(210)
Net insurance contract liabilities/(assets) at 1 January	**86,368**	**333**	**7,101**	**93,802**	89,721	10	6,584	96,315
Insurance revenue								
Contracts under modified retrospective approach	**(1,155)**	**–**	**–**	**(1,155)**	(1,228)	–	–	(1,228)
Contracts under fair value transition approach	**(3,095)**	**–**	**–**	**(3,095)**	(3,590)	–	–	(3,590)
Other contracts	**(1,467)**	**–**	**–**	**(1,467)**	(690)	–	–	(690)
	(5,717)	**–**	**–**	**(5,717)**	(5,508)	–	–	(5,508)
Insurance service expenses								
Incurred claims and other expenses	**–**	**–**	**4,103**	**4,103**	–	–	3,960	3,960
Amortisation of insurance acquisition cash flows	**515**	**–**	**–**	**515**	338	–	–	338
Losses on onerous contracts and reversal of those losses	**–**	**140**	**–**	**140**	–	324	–	324
Changes to liabilities for incurred claims	**–**	**–**	**–**	**–**	–	–	74	74
	515	**140**	**4,103**	**4,758**	338	324	4,034	4,696
Insurance service result	**(5,202)**	**140**	**4,103**	**(959)**	(5,170)	324	4,034	(812)
Insurance finance expenses/(income)	**4,951**	**31**	**197**	**5,179**	(5,665)	3	173	(5,489)
Effect of movements in exchange rates	**(1,291)**	**(7)**	**(257)**	**(1,555)**	(1,206)	(4)	(242)	(1,452)
Total changes in the statement of profit or loss and OCI	**(1,542)**	**164**	**4,043**	**2,665**	(12,041)	323	3,965	(7,753)
Investment components	**(9,450)**	**–**	**9,450**	**–**	(7,429)	–	7,429	–
Cash flows								
Premiums received	**16,126**	**–**	**–**	**16,126**	17,823	–	–	17,823
Claims and other expenses paid	**–**	**–**	**(13,841)**	**(13,841)**	–	–	(11,288)	(11,288)
Insurance acquisition cash flows	**(1,477)**	**–**	**–**	**(1,477)**	(1,544)	–	–	(1,544)
Total cash flows	**14,649**	**–**	**(13,841)**	**808**	16,279	–	(11,288)	4,991
Other movements	**(349)**	**(#)**	**448**	**99**	(162)	–	411	249
Net insurance contract liabilities/(assets) at 31 December	**89,676**	**497**	**7,201**	**97,374**	86,368	333	7,101	93,802
Insurance contract liabilities at 31 December	**89,709**	**466**	**7,211**	**97,386**	86,739	308	7,110	94,157
Insurance contract assets at 31 December	**(33)**	**31**	**(10)**	**(12)**	(371)	25	(9)	(355)
Net insurance contract liabilities/(assets) at 31 December	**89,676**	**497**	**7,201**	**97,374**	86,368	333	7,101	93,802

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

22.2 Reconciliation of the Measurement Components of Insurance Contract Balances for Life Insurance

	2023				2022 (Restated)			
$ million	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities at 1 January	**83,364**	**3,925**	**6,868**	**94,157**	85,061	3,580	7,884	96,525
Insurance contract assets at 1 January	**(580)**	**118**	**107**	**(355)**	(419)	104	105	(210)
Net insurance contract liabilities/(assets) at 1 January	**82,784**	**4,043**	**6,975**	**93,802**	84,642	3,684	7,989	96,315
Changes that relate to current services								
CSM recognised for services provided	**–**	**–**	**(773)**	**(773)**	–	–	(858)	(858)
Risk adjustment recognised for the risk expired	**–**	**(515)**	**–**	**(515)**	–	(466)	–	(466)
Experience adjustments	**(345)**	**–**	**–**	**(345)**	(162)	–	–	(162)
Changes that relate to future services								
Contracts initially recognised in the year	**(862)**	**659**	**418**	**215**	(1,049)	500	709	160
Changes in estimates that adjust the CSM	**(221)**	**(23)**	**244**	**–**	244	372	(616)	–
Changes that result in onerous losses or reversal of such losses	**203**	**95**	**–**	**298**	289	43	–	332
Changes that relate to past services								
Adjustments to liabilities for incurred claims	**156**	**5**	**–**	**161**	169	13	–	182
Insurance service result	**(1,069)**	**221**	**(111)**	**(959)**	(509)	462	(765)	(812)
Insurance finance expenses/(income)	**4,780**	**190**	**209**	**5,179**	(5,491)	49	(47)	(5,489)
Effect of movements in foreign exchange rates	**(1,186)**	**(176)**	**(193)**	**(1,555)**	(1,098)	(152)	(202)	(1,452)
Total changes in the statement of profit or loss and OCI	**2,525**	**235**	**(95)**	**2,665**	(7,098)	359	(1,014)	(7,753)
Cash flows								
Premiums received	**16,126**	**–**	**–**	**16,126**	17,823	–	–	17,823
Claims and other expenses paid	**(13,841)**	**–**	**–**	**(13,841)**	(11,288)	–	–	(11,288)
Insurance acquisition cash flows	**(1,477)**	**–**	**–**	**(1,477)**	(1,544)	–	–	(1,544)
Total cash flows	**808**	**–**	**–**	**808**	4,991	–	–	4,991
Other movements	**112**	**–**	**(13)**	**99**	249	–	–	249
Net insurance contract liabilities/(assets) at 31 December	**86,229**	**4,278**	**6,867**	**97,374**	82,784	4,043	6,975	93,802
Insurance contract liabilities at 31 December	**86,476**	**4,154**	**6,756**	**97,386**	83,364	3,925	6,868	94,157
Insurance contract assets at 31 December	**(247)**	**124**	**111**	**(12)**	(580)	118	107	(355)
Net insurance contract liabilities/(assets) at 31 December	**86,229**	**4,278**	**6,867**	**97,374**	82,784	4,043	6,975	93,802

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

22.3 Impact of Life Insurance Contracts Recognised During the Year

	Contracts issued					
	2023			2022 (Restated)		
$ million	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
Claims and other directly attributable expenses	**8,047**	**5,268**	**13,315**	13,996	1,274	15,270
Insurance acquisition cash flows	**1,241**	**334**	**1,575**	1,456	157	1,613
Estimates of present value of future cash outflows	**9,288**	**5,602**	**14,890**	15,452	1,431	16,883
Estimates of present value of future cash inflows	**(10,177)**	**(5,575)**	**(15,752)**	(16,473)	(1,459)	(17,932)
Risk adjustment	**471**	**188**	**659**	312	188	500
CSM	**418**	**–**	**418**	709	–	709
Amount included in insurance contract liabilities for the year	**–**	**215**	**215**	–	160	160

22.4 Amounts Determined on Transition to SFRS(I) 17

	2023				2022 (Restated)			
$ million	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	**2,740**	**3,046**	**1,189**	**6,975**	3,382	3,974	633	7,989
Changes that relate to current services								
CSM recognised for services provided	**(247)**	**(290)**	**(236)**	**(773)**	(279)	(452)	(127)	(858)
Changes that relate to future services								
Contracts initially recognised in the period	**–**	**–**	**418**	**418**	–	–	709	709
Changes in estimates that adjust the CSM	**(79)**	**53**	**270**	**244**	(210)	(429)	23	(616)
Insurance service result	**(326)**	**(237)**	**452**	**(111)**	(489)	(881)	605	(765)
Insurance finance expenses/(income)	**123**	**73**	**13**	**209**	13	(23)	(37)	(47)
Effect of movements in exchange rates	**(149)**	**(20)**	**(24)**	**(193)**	(166)	(24)	(12)	(202)
Total changes in the statement of profit or loss or OCI	**(352)**	**(184)**	**441**	**(95)**	(642)	(928)	556	(1,014)
Other movements	**(8)**	**(2)**	**(3)**	**(13)**	–	–	–	–
CSM at 31 December	**2,380**	**2,860**	**1,627**	**6,867**	2,740	3,046	1,189	6,975

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
2023							
Life insurance contracts issued	**602**	**489**	**449**	**418**	**388**	**4,521**	**6,867**
	602	**489**	**449**	**418**	**388**	**4,521**	**6,867**

$ 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
2022 (Restated)							
Life insurance contracts issued	622	500	452	421	391	4,589	6,975
	622	500	452	421	391	4,589	6,975

23. Cash and Placements with Central Banks

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Cash on hand	**648**	778	**347**	422
Non-restricted balances with central banks	**28,222**	29,206	**24,234**	23,868
Cash and cash equivalents	**28,870**	29,984	**24,581**	24,290
Restricted balances with central banks – mandatory reserve deposits	**5,420**	4,983	**3,873**	3,523
Gross cash and placements with central banks	**34,290**	34,967	**28,454**	27,813
Allowances for non-impaired placements with central banks	**(4)**	(1)	**(4)**	(1)
Net cash and placements with central banks	**34,286**	34,966	**28,450**	27,812

24. Government Treasury Bills and Securities

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Singapore government treasury bills and securities	**19,165**	17,096	**17,832**	15,889
Other government treasury bills and securities	**26,465**	22,271	**10,804**	8,165
Total government treasury bills and securities	**45,630**	39,367	**28,636**	24,054

25. Placements with and Loans to Banks

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Certificates of deposit held	**19,211**	13,202	**14,772**	7,402
Placements with and loans to banks	**13,158**	12,551	**10,588**	9,062
Market bills purchased	**1,292**	1,223	**1,292**	1,223
Reverse repos	**2,124**	1,137	**2,124**	997
Balances with banks	**35,785**	28,113	**28,776**	18,684
Bank balances for life insurance funds	**2,271**	2,136	**–**	–
Gross placements with and loans to banks	**38,056**	30,249	**28,776**	18,684
Allowances for non-impaired placements with and loans to banks	**(5)**	(5)	**(3)**	(4)
Net placements with and loans to banks	**38,051**	30,244	**28,773**	18,680

26. Loans to Customers

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Gross loans	**296,653**	294,980	**209,801**	203,092
Allowances				
Impaired loans (Note 28)	**(1,328)**	(1,308)	**(620)**	(583)
Non-impaired loans (Note 30)	**(2,571)**	(2,205)	**(1,673)**	(1,399)
Net loans	**292,754**	291,467	**207,508**	201,110

26.1 Analysed by Product

	GROUP 2023	GROUP 2022	BANK 2023	BANK 2022
Overdrafts	**5,246**	5,200	**367**	364
Short-term and revolving loans	**58,798**	63,162	**35,122**	34,345
Syndicated and term loans	**133,722**	127,867	**108,954**	103,346
Housing and commercial property loans	**70,987**	69,152	**49,195**	46,079
Car, credit card and share margin loans	**4,822**	4,551	**3,431**	3,159
Bills receivable	**3,875**	4,849	**2,670**	3,437
Others	**19,203**	20,199	**10,062**	12,362
	296,653	294,980	**209,801**	203,092

26.2 Analysed by Industry

	GROUP 2023	GROUP 2022	BANK 2023	BANK 2022
Agriculture, mining and quarrying	**6,808**	8,193	**4,615**	5,835
Manufacturing	**14,186**	15,052	**6,815**	7,548
Building and construction	**93,165**	89,299	**77,228**	73,765
Housing loans	**63,833**	62,015	**47,080**	44,065
General commerce	**27,411**	29,209	**20,513**	22,162
Transport, storage and communication	**16,113**	13,017	**13,952**	10,993
Financial institutions, investment and holding companies	**24,093**	24,387	**7,871**	7,144
Professionals and individuals	**31,708**	34,752	**16,725**	16,381
Others	**19,336**	19,056	**15,002**	15,199
	296,653	294,980	**209,801**	203,092

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				
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**
2022				
Classified loans	1,543	1,282	558	3,383
Classified debt securities	–	–	–	–
Classified contingents	39	60	4	103
Total classified assets	1,582	1,342	562	3,486
Allowances for impaired assets	(218)	(863)	(229)	(1,310)
Net classified assets	1,364	479	333	2,176
BANK				
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**
2022				
Classified loans	337	749	83	1,169
Classified debt securities	–	–	–	–
Classified contingents	12	51	–	63
Total classified assets	349	800	83	1,232
Allowances for impaired assets	(38)	(540)	(5)	(583)
Net classified assets	311	260	78	649

27. Non-Performing Assets (continued)

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
27.1 Analysed by Period Overdue				
Over 180 days	**953**	968	**250**	364
Over 90 days to 180 days	**368**	396	**209**	106
30 days to 90 days	**253**	296	**52**	52
Less than 30 days	**274**	383	**86**	20
No overdue	**1,053**	1,443	**684**	690
	2,901	3,486	**1,281**	1,232
27.2 Analysed by Collateral Type				
Property	**1,252**	1,628	**213**	171
Fixed deposit	**20**	16	**11**	11
Stock and shares	**3**	4	**2**	2
Motor vehicles	**6**	13	**#**	#
Secured – Others	**367**	598	**242**	410
Unsecured – Corporate and other guarantees	**366**	286	**337**	280
Unsecured – Clean	**887**	941	**476**	358
	2,901	3,486	**1,281**	1,232
27.3 Analysed by Industry				
Agriculture, mining and quarrying	**38**	56	**32**	36
Manufacturing	**423**	614	**48**	72
Building and construction	**613**	615	**218**	55
Housing loans	**503**	579	**168**	137
General commerce	**306**	434	**76**	86
Transport, storage and communication	**231**	403	**217**	377
Financial institutions, investment and holding companies	**152**	138	**–**	–
Professionals and individuals	**105**	128	**33**	31
Others	**530**	519	**489**	438
	2,901	3,486	**1,281**	1,232

27. Non-Performing Assets (continued)

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 19.1% (2022: 26.0%) and 14.8% (2022: 22.4%) for the Group and the Bank respectively.

	2023		2022	
	Amount $ million	Allowance $ million	Amount $ million	Allowance $ million
GROUP				
Substandard	**156**	**76**	389	150
Doubtful	**289**	**249**	350	211
Loss	**91**	**67**	140	98
	536	**392**	879	459
BANK				
Substandard	**43**	**12**	121	49
Doubtful	**133**	**108**	140	119
Loss	**3**	**#**	1	#
	179	**120**	262	168

28. Allowances for Impaired Loans to Customers

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
At 1 January	**1,308**	1,535	**583**	722
Currency translation	**(5)**	(63)	**(4)**	(30)
Net write-offs [1]	**(229)**	(282)	**(138)**	(144)
Net allowances (Note 10)	**269**	136	**182**	40
Interest recognition on impaired loans	**(15)**	(18)	**(3)**	(5)
At 31 December (Note 26)	**1,328**	1,308	**620**	583

(1) Comprise mainly bad debts written off for the Group and the Bank of $298 million and $177 million (2022: $406 million and $201 million) respectively, and bad debts recovered for the Group and Bank of $54 million and $41 million (2022: $91 million and $58 million) respectively.

28. Allowances for Impaired Loans to Customers (continued)

Analysed by Industry

	Cumulative allowances for impaired loans		Net allowances for impaired loans charged/(write-back) to income statements	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
GROUP				
Agriculture, mining and quarrying	**31**	33	**7**	(17)
Manufacturing	**279**	277	**32**	59
Building and construction	**279**	104	**200**	56
Housing loans	**77**	95	**7**	(32)
General commerce	**137**	156	**6**	(9)
Transport, storage and communication	**160**	228	**58**	10
Financial institutions, investment and holding companies	**90**	104	**3**	73
Professionals and individuals	**43**	48	**(6)**	(13)
Others	**232**	263	**(38)**	9
	1,328	1,308	**269**	136
BANK				
Agriculture, mining and quarrying	**28**	30	**(1)**	(18)
Manufacturing	**10**	18	**(6)**	(18)
Building and construction	**135**	9	**137**	32
Housing loans	**19**	1	**18**	(5)
General commerce	**48**	57	**#**	(2)
Transport, storage and communication	**152**	214	**62**	15
Financial institutions, investment and holding companies	**–**	–	**(#)**	–
Professionals and individuals	**23**	21	**13**	(4)
Others	**205**	233	**(41)**	40
	620	583	**182**	40

29. Debt and Equity Securities

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Debt securities	**30,800**	22,956	**19,269**	13,635
Equity securities and investment funds	**5,791**	5,054	**3,163**	2,986
Total securities	**36,591**	28,010	**22,432**	16,621
Allowances for non-impaired debt securities	**(#)**	(#)	**(#)**	(#)
	36,591	28,010	**22,432**	16,621

Debt Securities Analysis:

29.1 By Credit Ratings

Investment grade (AAA to BBB)	**21,289**	15,640	**14,023**	10,306
Non-investment grade (BB to C)	**85**	28	**85**	28
Non-rated	**9,426**	7,288	**5,161**	3,301
	30,800	22,956	**19,269**	13,635

29.2 By Credit Quality

Pass	**30,799**	22,954	**19,269**	13,635
Special mention	**1**	2	**–**	–
Substandard	**–**	–	**–**	–
Doubtful	**–**	–	**–**	–
Loss	**–**	–	**–**	–
	30,800	22,956	**19,269**	13,635

Debt and Equity Securities Analysis:

29.3 By Industry

Agriculture, mining and quarrying	**410**	309	**186**	219
Manufacturing	**1,938**	1,413	**1,493**	1,170
Building and construction	**2,710**	1,966	**1,576**	1,256
General commerce	**886**	658	**415**	327
Transport, storage and communication	**1,712**	1,665	**1,114**	1,047
Financial institutions, investment and holding companies	**25,198**	18,873	**15,322**	10,811
Others	**3,737**	3,126	**2,326**	1,791
	36,591	28,010	**22,432**	16,621

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 2022	894	1,029	1,537	3,460
Transfer to Stage 1	584	(561)	(23)	–
Transfer to Stage 2	(520)	582	(62)	–
Transfer to Stage 3	(1)	(113)	114	–
Remeasurement [1]	(408)	538	89	219
New financial assets originated or purchased	1,079	–	–	1,079
Financial assets that have been derecognised	(510)	(340)	–	(850)
Changes in models [2]	(1)	4	–	3
Write-offs	–	–	(282)	(282)
Foreign exchange and other movements	(10)	(20)	(63)	(93)
At 31 December 2022/1 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	**1,280**	**1,317**	**1,330**	**3,927**
BANK				
At 1 January 2022	705	555	722	1,982
Transfer to Stage 1	378	(363)	(15)	–
Transfer to Stage 2	(279)	307	(28)	–
Transfer to Stage 3	(1)	(22)	23	–
Remeasurement [1]	(284)	267	55	38
New financial assets originated or purchased	640	–	–	640
Financial assets that have been derecognised	(267)	(208)	–	(475)
Changes in models [2]	–	–	–	–
Write-offs	–	–	(144)	(144)
Foreign exchange and other movements	(5)	(10)	(30)	(45)
At 31 December 2022/1 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	**1,016**	**677**	**620**	**2,313**

(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 2022	881	1,019	1,535	3,435
Transfer to Stage 1	582	(559)	(23)	–
Transfer to Stage 2	(519)	581	(62)	–
Transfer to Stage 3	(1)	(113)	114	–
Remeasurement [2]	(407)	537	89	219
New financial assets originated or purchased	1,063	–	–	1,063
Financial assets that have been derecognised	(495)	(337)	–	(832)
Changes in models [3]	(1)	4	–	3
Write-offs	–	–	(282)	(282)
Foreign exchange and other movements	(10)	(20)	(63)	(93)
At 31 December 2022/1 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	**1,263**	**1,308**	**1,328**	**3,899**
BANK				
At 1 January 2022	696	551	722	1,969
Transfer to Stage 1	377	(362)	(15)	–
Transfer to Stage 2	(278)	306	(28)	–
Transfer to Stage 3	(1)	(22)	23	–
Remeasurement [2]	(281)	264	55	38
New financial assets originated or purchased	625	–	–	625
Financial assets that have been derecognised	(256)	(206)	–	(462)
Changes in models [3]	–	–	–	–
Write-offs	–	–	(144)	(144)
Foreign exchange and other movements	(4)	(10)	(30)	(44)
At 31 December 2022/1 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	**1,004**	**669**	**620**	**2,293**

(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.

30. Allowances for Financial Assets (continued)

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

	2023				2022			
$ million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
GROUP								
Cash and placements with central banks (Note 23)								
Pass	33,592	50	–	33,642	34,143	46	–	34,189
Loss allowances	(#)	(4)	–	(4)	(#)	(1)	–	(1)
Carrying amount	33,592	46	–	33,638	34,143	45	–	34,188
Government treasury bills and securities – Amortised cost (Note 39)								
Pass/Carrying amount	7,246	549	–	7,795	705	251	–	956
Government treasury bills and securities – FVOCI [(1)] (Note 39)								
Pass	31,816	917	–	32,733	34,826	188	–	35,014
Loss allowances	(#)	(#)	–	(#)	(#)	(#)	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	17,328	1,517	–	18,845	16,927	120	–	17,047
Special mention	–	–	–	–	–	–	–	–
	17,328	1,517	–	18,845	16,927	120	–	17,047
Loss allowances	(4)	(1)	–	(5)	(5)	(#)	–	(5)
Carrying amount	17,324	1,516	–	18,840	16,922	120	–	17,042
Placements with and loans to banks – FVOCI [(1)] (Note 39)								
Pass	17,227	163	–	17,390	11,722	603	–	12,325
Loss allowances	(2)	(#)	–	(2)	(2)	(#)	–	(2)
Loans to customers – Amortised cost (Note 39)								
Pass	255,404	35,263	–	290,667	255,421	33,948	–	289,369
Special mention	–	3,170	–	3,170	–	2,205	–	2,205
Substandard	–	–	928	928	–	–	1,543	1,543
Doubtful	–	–	1,342	1,342	–	–	1,282	1,282
Loss	–	–	535	535	–	–	558	558
	255,404	38,433	2,805	296,642	255,421	36,153	3,383	294,957
Loss allowances	(967)	(999)	(1,270)	(3,236)	(896)	(803)	(1,252)	(2,951)
Carrying amount	254,437	37,434	1,535	293,406	254,525	35,350	2,131	292,006
Loans to customers – FVOCI [(1)] (Note 39)								
Pass	#	–	–	–	–	–	–	–
Loss allowances	(#)	–	–	–	–	–	–	–
Debt securities – Amortised cost (Note 39)								
Pass	822	–	–	822	307	–	–	307
Loss allowances	(#)	–	–	(#)	(#)	–	–	(#)
Carrying amount	822	–	–	822	307	–	–	307
Debt securities – FVOCI [(1)] (Note 39)								
Pass	24,569	780	–	25,349	19,020	908	–	19,928
Special mention	–	–	–	–	–	–	–	–
Substandard	–	–	–	–	–	–	–	–
Doubtful	–	–	2	2	–	–	–	–
	24,569	780	2	25,351	19,020	908	–	19,928
Loss allowances	(11)	(4)	(2)	(17)	(7)	(6)	(2)	(15)

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	142,115	11,371	9	153,495	129,666	14,205	–	143,871
Special mention	–	1,387	–	1,387	–	388	–	388
Substandard	–	–	556	556	–	–	605	605
Doubtful	–	–	453	453	–	–	530	530
Loss	–	–	193	193	–	–	184	184
	142,115	12,758	1,211	156,084	129,666	14,593	1,319	145,578
Allowances for contingent liabilities and credit commitments (Note 39)	(296)	(309)	(58)	(663)	(197)	(309)	(56)	(562)

(1) In accordance with SFRS(I) 9, for financial asset measured at FVOCI, any impairment is recognised in profit or loss 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)

	2023				2022			
$ million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
BANK								
Cash and placements with central banks (Note 23)								
Pass	28,057	50	–	28,107	27,345	46	–	27,391
Loss allowances	(#)	(4)	–	(4)	(#)	(1)	–	(1)
Carrying amount	28,057	46	–	28,103	27,345	45	–	27,390
Government treasury bills and securities – Amortised cost (Note 39)								
Pass/Carrying amount	6,185	457	–	6,642	705	251	–	956
Government treasury bills and securities – FVOCI [(1)] (Note 39)								
Pass	18,299	443	–	18,742	20,259	187	–	20,446
Loss allowances	(#)	(#)	–	(#)	(#)	(#)	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	12,502	1,502	–	14,004	11,171	111	–	11,282
Loss allowances	(3)	(#)	–	(3)	(4)	(#)	–	(4)
Carrying amount	12,499	1,502	–	14,001	11,167	111	–	11,278
Placements with and loans to banks – FVOCI [(1)] (Note 39)								
Pass	12,820	131	–	12,951	6,020	526	–	6,546
Loss allowances	(3)	(#)	–	(3)	(2)	(#)	–	(2)
Loans to customers – Amortised cost (Note 39)								
Pass	184,107	22,543	–	206,650	178,340	22,384	–	200,724
Special mention	–	1,932	–	1,932	–	1,176	–	1,176
Substandard	–	–	446	446	–	–	337	337
Doubtful	–	–	665	665	–	–	749	749
Loss	–	–	98	98	–	–	83	83
	184,107	24,475	1,209	209,791	178,340	23,560	1,169	203,069
Loss allowances	(802)	(502)	(575)	(1,879)	(753)	(365)	(540)	(1,658)
Carrying amount	183,305	23,973	634	207,912	177,587	23,195	629	201,411
Debt securities – Amortised cost (Note 39)								
Pass	822	–	–	822	307	–	–	307
Loss allowances	(#)	–	–	(#)	(#)	–	–	(#)
Carrying amount	822	–	–	822	307	–	–	307
Debt securities – FVOCI [(1)] (Note 39)								
Pass	13,968	562	–	14,530	10,868	566	–	11,434
Loss allowances	(6)	(4)	–	(10)	(3)	(4)	–	(7)

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	110,747	6,812	9	117,568	97,201	9,149	–	106,350
Special mention	–	487	–	487	–	1,421	–	1,421
Substandard	–	–	526	526	–	–	562	562
Doubtful	–	–	416	416	–	–	488	488
Loss	–	–	155	155	–	–	161	161
	110,747	7,299	1,106	119,152	97,201	10,570	1,211	108,982
Allowances for contingent liabilities and credit commitments (Note 39)	(202)	(167)	(45)	(414)	(125)	(156)	(43)	(324)

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

31. Other Assets

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
Interest receivable	**2,215**	1,514	**1,679**	1,070
Sundry debtors (net)	**1,150**	1,077	**133**	22
Deposits and prepayments	**1,543**	1,424	**1,036**	967
Others	**2,370**	2,563	**615**	479
	7,278	6,578	**3,463**	2,538

At 31 December 2023, non-life reinsurance assets included in "Others" amounted to $356 million (2022: $397 million) for the Group.

32. Associates

	GROUP		BANK	
	2023 $ million	2022 $ million (Restated)	2023 $ million	2022 $ million
Quoted equity security, at cost	**2,601**	2,601	**2,163**	2,157
Unquoted equity securities, at cost	**143**	144	**65**	65
	2,744	2,745	**2,228**	2,222
Share of post-acquisition reserves	**4,151**	3,479	**–**	–
Unquoted equity security, at fair value	**95**	122	**–**	–
Net carrying amount	**6,990**	6,346	**2,228**	2,222
Amounts due from associates (unsecured)	**13**	7	**13**	6
Allowances for non-impaired amounts due from associates	**(#)**	(#)	**(#)**	(#)
	13	7	**13**	6
Investments in and amounts due from associates	**7,003**	6,353	**2,241**	2,228

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]	
			2023	2022
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 PricewaterhouseCoopers network firm outside Singapore.
(2) Audited by PricewaterhouseCoopers LLP.
(3) Rounded to the nearest percentage.

As at 31 December 2023, the fair value (Level 1 of the fair value hierarchy) of the investments in Bank of Ningbo was $4.94 billion (2022: $8.28 billion). The carrying amount of the Group's interests was $6.56 billion (2022: $5.89 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.

32. Associates (continued)

32.2 Financial Information of Material Associate

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

	Bank of Ningbo Co., Ltd.	
$ million	2023	2022
Selected income statement information		
Revenue	**11,649**	11,827
Net profit attributable to ordinary shareholders	**4,842**	4,734
Selected balance sheet information		
Total assets	**503,946**	451,307
Equity attributable to shareholders	**37,587**	32,459
Equity attributable to ordinary shareholders	**32,789**	29,426
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	**5,890**	5,704
Group's share of:		
– shareholders' equity in current year	**795**	320
Dividends	**(122)**	(134)
Carrying amount of interest in investee at end of the year	**6,563**	5,890
Dividends received during the year	**122**	134

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	2023	2022 (Restated)
At 31 December:		
Aggregate carrying amount of individually immaterial associates	**332**	333
For the year ended:		
Aggregate amounts of the Group's share of:		
Net profit from continuing operations	**19**	(5)
Other comprehensive income	**(6)**	(10)
Total comprehensive income	**13**	(15)
Dividends received/receivable during the year	**13**	11

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

$ million	2023	2022
At 31 December:		
Share of contingent liabilities incurred jointly with other investors of associates	**16,766**	16,748

33. Subsidiaries

	BANK	
	2023 $ million	2022 $ million
Investments in subsidiaries, at cost		
Quoted securities	**2,014**	1,970
Unquoted securities	**13,013**	13,142
Allowance for impairment	**(45)**	(33)
Net carrying amount	**14,982**	15,079
Amount due from subsidiaries		
Term to maturity of one year or less	**5,167**	8,951
Term to maturity of more than one year	**7,552**	9,893
	12,719	18,844
Investments in and amount due from subsidiaries	**27,701**	33,923

At 31 December 2023, the fair values (Level 1 of the fair value hierarchy) of the Group's interests in the quoted securities in its subsidiaries, Great Eastern Holdings Limited and PT Bank OCBC NISP Tbk, were $7.37 billion (2022: $7.70 billion) and $1.97 billion (2022: $1.25 billion) respectively.

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 (%)	
		2023 [(1)]	2022 [(1)]	2023 [(1)]	2022 [(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 (HK) Limited	Hong Kong SAR	**100**	100	**–**	–
PT Bank OCBC NISP Tbk	Indonesia	**85**	85	**15**	15
Insurance					
Great Eastern General Insurance Limited	Singapore	**88**	88	**12**	12
Great Eastern General Insurance (Malaysia) Berhad	Malaysia	**88**	88	**12**	12
Great Eastern Life Assurance (Malaysia) Berhad	Malaysia	**88**	88	**12**	12
The Great Eastern Life Assurance Company Limited	Singapore	**88**	88	**12**	12
Asset management and investment holding					
Lion Global Investors Limited	Singapore	**92**	92	**8**	8
Great Eastern Holdings Limited	Singapore	**88**	88	**12**	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.

	PT Bank OCBC NISP Tbk		Great Eastern Holdings Limited	
$ million	2023	2022	2023	2022 (Restated)
Net assets attributable to NCI	**452**	418	**924**	841
Total comprehensive income attributable to NCI	**51**	(14)	**133**	(37)
Dividends paid to NCI during the year	**18**	7	**51**	37
Summarised financial information				
Total assets	**20,953**	20,097	**109,034**	104,856
Total liabilities	**(17,924)**	(17,294)	**(101,045)**	(97,581)
Total net assets	**3,029**	2,803	**7,989**	7,275
Revenue	**1,001**	978	**1,202**	929
Profit	**344**	259	**789**	613
Other comprehensive income	**26**	(84)	**360**	(937)
Total comprehensive income	**370**	175	**1,149**	(324)
Cash flows (used in)/provided by operating activities	**68**	(1,001)	**(1,023)**	3,871
Cash flows (used in)/provided by investing activities	**(111)**	1,239	**(1,833)**	(3,050)
Cash flows (used in)/provided by financing activities	**(286)**	(44)	**(449)**	(331)
Effect of currency translation reserve adjustment	**(3)**	28	**–**	–
Net changes in cash and cash equivalents	**(332)**	222	**(3,305)**	490

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.

34. Property, Plant and Equipment

GROUP ($ million)	2023 Property-related	2023 Computer-related [1]	2023 Others	2023 Total	2022 Property-related	2022 Computer-related [1]	2022 Others	2022 Total
Cost								
At 1 January	3,715	3,293	687	7,695	3,739	3,039	670	7,448
Currency translation	(49)	(43)	(12)	(104)	(53)	(48)	(10)	(111)
Additions/modifications	102	461	53	616	100	399	52	551
Disposals/terminations and other transfers	(68)	(96)	(34)	(198)	(87)	(97)	(24)	(208)
Net transfer from/(to):								
Assets held for sale	–	–	(#)	(#)	–	–	(#)	(#)
Investment property (Note 35)	–	–	–	–	16	–	(1)	15
At 31 December	3,700	3,615	694	8,009	3,715	3,293	687	7,695
Accumulated depreciation								
At 1 January	(1,234)	(2,350)	(518)	(4,102)	(1,155)	(2,211)	(513)	(3,879)
Currency translation	16	36	10	62	22	43	8	73
Disposals/terminations and other transfers	51	98	35	184	72	92	32	196
Depreciation expense	(129)	(257)	(35)	(421)	(141)	(229)	(36)	(406)
Depreciation expense of life insurance funds	(24)	(48)	(8)	(80)	(24)	(45)	(9)	(78)
Net transfer (from)/to:								
Assets held for sale	–	–	#	#	–	–	#	#
Investment property (Note 35)	–	–	–	–	(8)	–	–	(8)
At 31 December	(1,320)	(2,521)	(516)	(4,357)	(1,234)	(2,350)	(518)	(4,102)
Accumulated impairment losses								
At 1 January	(109)	(#)	(1)	(110)	(62)	(#)	(1)	(63)
Currency translation	2	–	#	2	2	–	#	2
Impairment loss charged to income statement	(16)	–	–	(16)	(49)	–	–	(49)
At 31 December	(123)	(#)	(1)	(124)	(109)	(#)	(1)	(110)
Net carrying amount, at 31 December [2]	2,257	1,094	177	3,528	2,372	943	168	3,483
Freehold property	347				350			
Leasehold property	1,702				1,820			
Net carrying amount	2,049				2,170			

(1) Includes computer software of $819 million (2022: $703 million). The cost and accumulated depreciation are $2,586 million (2022: $2,312 million) and $1,767 million (2022: $1,609 million) respectively.

(2) Includes ROU assets comprising property-related of $208 million (2022: $202 million), computer-related of $10 million (2022: $13 million) and others of $1 million (2022: $2 million).

34. Property, Plant and Equipment (continued)

BANK ($ million)	2023 Property-related	2023 Computer-related [1]	2023 Others	2023 Total	2022 Property-related	2022 Computer-related [1]	2022 Others	2022 Total
Cost								
At 1 January	**407**	**1,817**	**214**	**2,438**	422	1,607	197	2,226
Currency translation	**(#)**	**(#)**	**(#)**	**(#)**	(2)	(#)	(1)	(3)
Additions	**21**	**247**	**15**	**283**	44	220	29	293
Disposals/terminations and other transfers	**(29)**	**(71)**	**(17)**	**(117)**	(35)	(10)	(11)	(56)
Net transfer to investment property (Note 35)	**–**	**–**	**–**	**–**	(22)	–	–	(22)
At 31 December	**399**	**1,993**	**212**	**2,604**	407	1,817	214	2,438
Accumulated depreciation								
At 1 January	**(160)**	**(1,316)**	**(144)**	**(1,620)**	(165)	(1,183)	(142)	(1,490)
Currency translation	**#**	**#**	**#**	**#**	1	#	1	2
Disposals/terminations and other transfers	**28**	**71**	**17**	**116**	35	10	10	55
Depreciation expense	**(37)**	**(164)**	**(17)**	**(218)**	(37)	(143)	(13)	(193)
Net transfer to investment property (Note 35)	**–**	**–**	**–**	**–**	6	–	–	6
At 31 December	**(169)**	**(1,409)**	**(144)**	**(1,722)**	(160)	(1,316)	(144)	(1,620)
Accumulated impairment losses								
At 1 January	**–**	**–**	**–**	**–**	(1)	–	–	(1)
Write-back to income statement	**–**	**–**	**–**	**–**	1	–	–	1
At 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net carrying amount, at 31 December [2]	**230**	**584**	**68**	**882**	247	501	70	818
Freehold property	**30**				31			
Leasehold property	**148**				155			
Net carrying amount	**178**				186			

(1) Includes computer software of $508 million (2022: $429 million). The cost and accumulated depreciation are $1,622 million (2022: $1,437 million) and $1,114 million (2022: $1,008 million) respectively.

(2) Includes ROU assets comprising property-related of $51 million (2022: $60 million), computer-related of $8 million (2022: $10 million) and others of $1 million (2022: $1 million).

35. Investment Property

	GROUP		BANK	
$ million	2023	2022	2023	2022
Cost				
At 1 January	1,018	1,053	622	602
Currency translation	(4)	(7)	–	–
Additions	#	1	–	–
Disposals and other transfers	(23)	(13)	(3)	(2)
Net transfer (to)/from:				
Property, plant and equipment (Note 34)	–	(15)	–	22
Assets held for sale	(2)	(1)	(2)	–
At 31 December	989	1,018	617	622
Accumulated depreciation				
At 1 January	(255)	(251)	(142)	(128)
Currency translation	1	2	–	–
Disposals and other transfers	6	5	2	(#)
Depreciation expense	(19)	(20)	(9)	(8)
Net transfer to/(from):				
Property, plant and equipment (Note 34)	#	8	–	(6)
Assets held for sale	1	1	1	–
At 31 December	(266)	(255)	(148)	(142)
Accumulated impairment losses				
At 1 January	–	(1)	–	(1)
Currency translation	#	–	–	–
(Impairment charge)/write-back to income statement	(6)	1	–	1
Disposals	6	–	–	–
At 31 December	–	–	–	–
Net carrying amount				
Freehold property	521	540	162	167
Leasehold property	202	223	307	313
At 31 December	723	763	469	480
Fair value hierarchy				
Level 2	917	906	333	310
Level 3	1,830	1,862	1,106	1,099
Market value	2,747	2,768	1,439	1,409

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 2023	GROUP 2022	BANK 2023	BANK 2022
Goodwill				
At 1 January	**4,440**	4,467	**1,867**	1,867
Currency translation	**(37)**	(27)	**–**	–
At 31 December	**4,403**	4,440	**1,867**	1,867
Intangible assets				
At 1 January	**203**	307		
Amortisation charged to income statement:				
– Core deposit relationships [1]	**(41)**	(42)		
– Customer relationships [2]	**(15)**	(15)		
– Distribution platform	**(#)**	(#)		
– Life insurance business [3]	**(47)**	(47)		
Currency translation	**(2)**	#		
At 31 December	**98**	203		
Total goodwill and other intangible assets	**4,501**	4,643	**1,867**	1,867
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**4,403**	4,440	**1,867**	1,867
Intangible assets, at cost	**1,555**	1,568	**–**	–
Accumulated amortisation for intangible assets	**(1,457)**	(1,365)	**–**	–
	4,501	4,643	**1,867**	1,867

(1) Core deposit relationships, arising from the acquisition of OCBC Bank (HK) Limited, are determined to have an estimated useful life of 10 years. At 31 December 2023, these have a remaining useful life of 0.5 years (2022: 1.5 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 2023, these have a remaining useful life of up to 3 years (2022: 4 years).

(3) The value of in-force insurance business of the Group is amortised over a useful life of 20 years. At 31 December 2023, the intangible asset has a remaining useful life of 1 year (2022: 2 years).

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 **Cash Generating Units**	Basis of determining recoverable value	Carrying amount 2023	 2022
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	**794**	809
Lion Global Investors Limited	Value-in-use	**30**	30
OCBC Bank (HK) Limited	Value-in-use	**1,045**	1,066
PT Bank OCBC NISP Tbk	Value-in-use	**159**	160
Others	Value-in-use	**10**	10
		4,403	4,440

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 (HK) Limited		PT Bank OCBC NISP Tbk	
	2023	2022	2023	2022	2023	2022	2023	2022
Discount rate	**10.1%**	7.1%	**10.8%**	8.3%	**8.2%**	8.7%	**17.1%**	14.7%
Terminal growth rate	**2.0%**	2.0%	**2.0%**	2.0%	**2.6%**	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 6.25% (2022: 6.00%) and 8.00% (2022: 7.75%) 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 2023						
Net interest income	3,493	5,251	118	145	638	9,645
Non-interest income	1,619	940	242	981	80	3,862
Total income	5,112	6,191	360	1,126	718	13,507
Operating profit before allowances and amortisation	2,294	4,482	42	954	512	8,284
Amortisation of intangible assets	(15)	–	–	(47)	(41)	(103)
Allowances for loans and other assets	(50)	(600)	(3)	(16)	(64)	(733)
Operating profit after allowances and amortisation	2,229	3,882	39	891	407	7,448
Share of results of associates, net of tax	–	–	–	–	953	953
Profit before income tax	2,229	3,882	39	891	1,360	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

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 2022 (Restated)						
Net interest income	2,321	3,863	704	112	688	7,688
Non-interest income	1,593	819	288	787	111	3,598
Total income	3,914	4,682	992	899	799	11,286
Operating profit before allowances and amortisation	1,331	3,158	654	732	573	6,448
Amortisation of intangible assets	(15)	–	–	(47)	(42)	(104)
Allowances for loans and other assets	36	(323)	(1)	(4)	(292)	(584)
Operating profit after allowances and amortisation	1,352	2,835	653	681	239	5,760
Share of results of associates, net of tax	–	–	–	–	910	910
Profit before income tax	1,352	2,835	653	681	1,149	6,670
Other information:						
Capital expenditure	116	10	1	70	355	552
Depreciation	88	12	2	9	315	426
At 31 December 2022 (Restated)						
Segment assets	138,516	190,380	111,171	105,326	39,693	585,086
Unallocated assets						448
Elimination						(28,610)
Total assets						556,924
Segment liabilities	178,248	152,574	76,865	97,245	26,832	531,764
Unallocated liabilities						1,345
Elimination						(28,610)
Total liabilities						504,499
Other information:						
Gross non-bank loans	106,768	186,307	1,737	3	165	294,980
NPAs	886	2,598	–	2	–	3,486

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
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**
2022 (Restated)						
Singapore	6,571	3,421	435	381	321,516	328,364
Malaysia	1,434	1,144	324	49	63,996	52,263
Indonesia	1,028	366	68	76	21,193	18,111
Greater China	1,558	1,285	73	39	93,307	62,713
Other Asia Pacific	251	239	75	4	20,287	10,456
Rest of the World	444	215	56	3	36,625	32,592
	11,286	6,670	1,031	552	556,924	504,499

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.

38. Risk Management

38.1 Overview

The Group[1] has a comprehensive and integrated risk management approach that covers all types of risks, underpinned by a strong corporate culture. This approach is embodied in our risk management framework, which incorporates our risk appetite and governance and covers the key principles, policies and practices we use to manage both financial and non-financial risk.

A robust risk governance structure ensures effective oversight and accountability of risk. This enables smooth reporting and escalation of risks to the Board of Directors (Board) who 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 overseeing 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, legal, regulatory, strategic, 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 ensures that the overall risk management organisation is in place and effective. The BRMC provides quantitative and qualitative guidance to major business units and risk functions to guide risk-taking. Senior management, functional risk committees and the BRMC regularly review the Group's risk drivers, risk profiles, risk management frameworks and policies, and compliance matters.

Dedicated functional risk committees to manage the principal risk types have been established to facilitate the BRMC's 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 also the 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. It recommends mitigating actions to the senior management, risk committees, the BRMC and 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.

	2023				2022			
$ million	End of the period	Average	Minimum	Maximum	End of the period	Average	Minimum	Maximum
Interest rate VaR	**4.2**	**7.6**	**4.2**	**12.6**	4.9	5.3	1.4	8.0
Foreign exchange VaR	**2.5**	**3.1**	**1.1**	**9.3**	3.6	1.7	0.4	6.8
Equity VaR	**1.0**	**1.9**	**0.8**	**3.0**	1.0	2.0	0.6	4.9
Credit spread VaR	**2.2**	**5.7**	**1.9**	**12.0**	5.8	3.6	1.9	6.8
Diversification effect [2]	**(4.4)**	**(9.1)**	**NM** [3]	**NM** [3]	(6.9)	(5.8)	NM [3]	NM [3]
Aggregate VaR [4]	**5.5**	**9.2**	**5.0**	**16.0**	8.4	6.8	2.8	11.1

(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.
(4) Aggregate VaR includes Carbon trading exposure that is not material.

38. Risk Management (continued)

38.2 Credit Risk

Credit risk is the risk of losing principal and/or income from the failure of an obligor or counterparty to meet its financial or contractual obligations or due to an adverse change in the credit profile of an obligor or counterparty. 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.

	Carrying amount		Average	
$ million	2023	2022	2023	2022
Credit risk exposure of on-balance sheet assets:				
Loans to customers	**292,754**	291,467	**290,322**	289,708
Placements with and loans to banks	**38,051**	30,244	**34,664**	24,611
Government treasury bills and securities	**45,630**	39,367	**43,705**	36,893
Debt securities	**30,800**	22,956	**27,168**	25,207
Amounts due from associates	**13**	7	**7**	5
Derivative receivables	**12,976**	15,605	**27,851**	21,048
Other assets, comprising interest receivables and sundry debtors	**3,365**	2,591	**3,681**	2,936
	423,589	402,237	**427,398**	400,408
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**18,484**	16,749	**17,398**	17,090
Credit commitments	**187,170**	183,704	**186,751**	177,664
	205,654	200,453	**204,149**	194,754
Total maximum credit risk exposure	**629,243**	602,690	**631,547**	595,162

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

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							
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**
2022							
Singapore	1,421	17,096	753	119,925	437	131	2,263
Malaysia	370	4,550	5,841	25,077	981	292	1,676
Indonesia	82	3,994	565	18,600	778	389	1,113
Greater China	2,424	3,702	12,867	72,756	901	246	8,982
Other Asia Pacific	861	5,248	3,114	21,734	96	29	5,892
Rest of the World	10,447	4,777	4,973	36,888	293	223	3,030
	15,605	39,367	28,113	294,980	3,486	1,310	22,956
BANK							
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**
2022							
Singapore	1,796	15,889	410	111,626	437	129	1,061
Malaysia	69	147	2,791	3,574	24	18	157
Indonesia	14	243	189	5,611	74	61	711
Greater China	989	1,362	9,355	33,784	419	202	4,337
Other Asia Pacific	726	5,122	2,987	18,879	86	27	5,140
Rest of the World	10,148	1,291	2,952	29,618	192	146	2,229
	13,742	24,054	18,684	203,092	1,232	583	13,635

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”.

	Bank loans		Non-bank loans	
$ million	2023	2022	2023	2022
Neither past due nor impaired	**35,785**	28,113	**293,063**	291,059
Non-impaired	**–**	–	**1,467**	1,527
Impaired	**–**	–	**1,459**	1,505
Past due loans	**–**	–	**2,926**	3,032
Impaired but not past due	**–**	–	**664**	889
Gross loans	**35,785**	28,113	**296,653**	294,980
Allowances				
Impaired loans	**–**	–	**(1,328)**	(1,308)
Non-impaired loans	**(5)**	(5)	**(2,571)**	(2,205)
Net loans	**35,780**	28,108	**292,754**	291,467

Past Due Loans

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

	Bank loans		Non-bank loans	
$ million	2023	2022	2023	2022
By industry				
Agriculture, mining and quarrying	**–**	–	**47**	96
Manufacturing	**–**	–	**415**	548
Building and construction	**–**	–	**505**	391
General commerce	**–**	–	**300**	401
Transport, storage and communication	**–**	–	**179**	246
Financial institutions, investment and holding companies	**–**	–	**201**	136
Professionals and individuals (include housing loans)	**–**	–	**1,196**	1,094
Others	**–**	–	**83**	120
	–	–	**2,926**	3,032
By geography				
Singapore	**–**	–	**751**	653
Malaysia	**–**	–	**611**	729
Indonesia	**–**	–	**771**	1,039
Greater China	**–**	–	**406**	472
Rest of the World	**–**	–	**387**	139
	–	–	**2,926**	3,032

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	2023	2022
Past due		
Less than 30 days	**875**	884
30 to 90 days	**333**	310
Over 90 days	**259**	333
Past due but not impaired	**1,467**	1,527

Collateral and Other Credit Enhancements Obtained

Assets amounting to $145 million (2022: $111 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, United States and People's Republic of China (2022: Hong Kong SAR, People's Republic of China and Malaysia).

38.3 Market Risk and Asset Liability Management

Market risk is the risk of income and/or market value loss due to fluctuations in factors such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices or their volatilities and correlations arising from both trading and/or banking activities. Market risks arise primarily from the Group's trading, client servicing and balance sheet management activities. Given the high interest rates and volatile geopolitical environment, it is paramount that the management of market risk is robust and timely. This is achieved with the Group's market risk management framework, identification, and measures for monitoring, reporting and control.

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 established within the Group's risk appetite and in line 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's asset liability management framework focuses on managing the balance sheet exposures that give rise to liquidity risk, Interest Rate Risk in the Banking Book (IRRBB) and structural foreign exchange risk. The asset liability framework consists of key elements that facilitate the asset liability management risk process, including comprehensive risk measures and actively monitored risk limits, all supported by strong data capabilities and risk systems.

38. **Risk Management** (continued)

38.3 **Market Risk and Asset Liability Management** (continued)

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. The primary goal of IRRBB management is to ensure that interest rate risk exposures are consistent with the Group's risk appetite and maintained within the defined risk tolerances.

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

As at December 2023, the Group's EVE had the maximum simulated reduction of $795 million under the supervisory prescribed Parallel Up(1) interest rate scenario. This was primarily driven by the impact from loans and bond holdings which would have a lower economic value under a rising interest rate environment, partially offset by the impact from deposits. For the Group's NII, the scenario with the most adverse impact on net interest income was the Parallel Down(1) scenario, with a simulated decrease by $1,907 million. The lower NII was due to reduced interest income from loans under a downward interest rate shock scenario, partially offset by lower interest expense from deposits.

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						
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**
2022						
Loans to customers	106,119	70,231	17,926	36,120	61,071	291,467
Deposits of non-bank customers	130,205	119,527	21,278	26,210	52,861	350,081

(1) Parallel Up/(Down) scenario assumes the yield curves to move parallel upward (downward) with different shocks for different currencies based on supervisory prescriptions (e.g. 150bps for SGD and 200bps for USD).

Structural Foreign Exchange Risk

Structural foreign exchange exposure arises from the Group's non-SGD investment 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.

	2023			2022		
$ million	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	**6,774**	**1,942**	**4,832**	7,011	–	7,011
Chinese Renminbi	**8,636**	**1,794**	**6,842**	8,357	–	8,357
US Dollar	**4,150**	**3,675**	**475**	3,931	3,434	497
Malaysian Ringgit	**3,081**	**–**	**3,081**	3,157	–	3,157
Indonesia Rupiah	**2,741**	**–**	**2,741**	2,554	–	2,554
Others	**2,291**	**–**	**2,291**	2,035	–	2,035
Total	**27,673**	**7,411**	**20,262**	27,045	3,434	23,611

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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 being unable to meet our contractual and regulatory financial obligations. The objective of liquidity risk management is to ensure that the Group continue to fulfil our financial obligations and to undertake new transactions, through the management of liquidity and funding risks within our risk appetite.

Liquidity risk positions are monitored and reported against approved liquidity risk limits and triggers. Limits are established in alignment with our risk appetite, taking into account our funding capacity, business requirements and the liquidity environment we operate in. There is also an established review, oversight and escalation process to facilitate prompt escalation and remediation of any limit exceptions. To facilitate the risk monitoring and reporting processes, we continually invest in the development of risk and management information systems and analyses to support the liquidity risk framework.

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
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.

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
2022 (Restated)								
Cash and placements with central banks	16,187	5,208	8,585	3	–	–	4,983	34,966
Placements with and loans to banks	5,257	3,959	8,928	8,833	546	585	–	28,108
Loans to customers	21,925	36,231	21,047	33,916	54,199	124,149	–	291,467
Securities (1)	505	4,535	7,277	15,350	20,731	13,925	5,054	67,377
Derivative receivables	15,199	6	52	35	162	151	–	15,605
Other assets (2)	2,719	2,007	555	64	145	707	2,098	8,295
Associates	#	–	6	–	–	1	6,346	6,353
Property, plant and equipment and investment property (3)	–	1	–	–	–	–	3,592	3,593
Goodwill and other intangible assets	–	–	–	–	–	–	4,643	4,643
Total	61,792	51,947	46,450	58,201	75,783	139,518	26,716	460,407
Total life insurance fund assets								96,517
Total assets								556,924
Deposits of non-bank customers	201,584	38,932	46,777	56,773	4,242	1,773	–	350,081
Deposits and balances of banks	6,089	2,050	1,755	123	–	29	–	10,046
Trading portfolio liabilities	–	–	201	–	–	–	11	212
Derivative payables	15,248	3	116	85	442	154	–	16,048
Other liabilities (4)	2,687	2,074	979	2,400	316	95	1,106	9,657
Debt issued	739	1,148	7,567	4,709	6,400	1,375	–	21,938
Total	226,347	44,207	57,395	64,090	11,400	3,426	1,117	407,982
Total life insurance fund liabilities								96,517
Total liabilities								504,499
Net liquidity gap	(164,555)	7,740	(10,945)	(5,889)	64,383	136,092		

(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.

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 44. 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.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Contractual Maturity for Financial Liabilities (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	Total
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**
2022 (Restated)							
Deposits of non-bank customers [1]	201,639	39,190	47,267	58,418	4,532	1,841	352,887
Deposits and balances of banks [1]	6,094	2,063	1,772	125	–	29	10,083
Trading portfolio liabilities	–	–	212	–	–	–	212
Other liabilities [2]	2,650	1,852	673	1,061	251	87	6,574
Debt issued	740	1,158	7,598	4,924	7,203	1,491	23,114
Derivatives							
Trading	15,460	–	–	–	–	–	15,460
Hedging – Net settled	#	5	46	88	174	26	339
Hedging – Gross settled							
Outflow	39	35	873	778	2,116	–	3,841
Inflow	(38)	(32)	(760)	(792)	(1,981)	–	(3,603)
	226,584	44,271	57,681	64,602	12,295	3,474	408,907

(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 risk is the risk of compromising confidentiality, integrity and/or availability of information (in physical or digital form).

Digital risk includes cyber and technology risks. Cyber risk is the risk arising from malicious acts perpetrated by threat actors. Technology risk is the risk of disruption, failure or irregularity in essential financial services due to the use of information and communication technologies.

Operational Risk

Operational risk is the risk of loss caused by failures in internal processes, systems, poor management, human error or external events. This risk is inherent in all banking products, activities, processes and systems. It covers various non-financial risks, including fraud risk, money laundering, terrorism financing and sanctions risk, third-party risk, physical and people security risk, conduct risk, business continuity risk, unauthorised trading risk and regulatory, 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.

	2023			2022		
GROUP ($ million)	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	**3,415**	**39**	**96**	2,735	80	73
Fair value/cash flow hedge – IRD	**24,638**	**197**	**210**	15,596	203	277
Hedge of net investments – FED	**4,530**	**70**	**95**	1,430	–	238
	32,583	**306**	**401**	19,761	283	588

	2023			2022		
BANK ($ million)	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	**6,753**	**98**	**150**	3,254	64	257
Fair value/cash flow hedge – IRD	**17,349**	**129**	**199**	9,874	107	251
Hedge of net investments – FED	**88**	**–**	**11**	174	–	29
	24,190	**227**	**360**	13,302	171	537

For the fair value hedges, the carrying amount at 31 December 2023 relating to the assets and liabilities designated as hedged items were $10,474 million and $8,097 million (2022: $9,563 million and $8,601 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 2023 relating to the assets and liabilities designated as hedged items were $9,160 million (2022: $ nil). 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.

		Carrying amount	
$ million	Nominal amount	Assets	Liabilities
2023			
Foreign exchange derivatives	**4,530**	**70**	**95**
Subordinated debt	**2,859**	**–**	**2,746**
2022			
Foreign exchange derivatives	1,430	–	238
Subordinated debt	1,775	–	1,658

The total change in fair value of the hedging instruments during the year was a gain of $130 million (2022: gain of $30 million), of which a gain of $131 million (2022: gain of $30 million) was recognised in OCI, while hedge ineffectiveness of $1 million (2022: nil) was recognised immediately in profit or loss as part of net trading income.

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. As stated in the Enterprise Risk Management (ERM) Framework, 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 is responsible for overseeing GEH Group's risk exposure and management matters. 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: Group Management Committee (GMC), Group Investment Committee (Group IC), Group Asset-Liability Committee (Group ALC), Group Technology Strategy Committee (Group TSC) and Group Product Management and Approval Committee (Group PMAC).

GMC is responsible for providing leadership, direction and functional oversight on all matters including sustainability performance of GEH Group. In addition to complying with regulatory requirements, the GMC is also responsible for ensuring compliance and alignment with Group standards and guidelines. The GMC is supported by the Group IC, Group ALC, Group PMAC, Group TSC, Local Senior Management Team (SMT), Local ALC, Local Product Development Committee (PDC) and Local IT Steering Committee (ITSC).

Group IC is responsible for overseeing all investment management activities of GEH Group and ensuring that the interests and rights of policyholders are not compromised.

Group ALC is responsible for balance sheet management. Specifically, Group ALC reviews and formulates frameworks, policies, processes and methodologies relating to balance sheet management. Group ALC is supported by the Local ALC.

Group TSC is responsible for assisting GMC in providing the overall strategic direction and approval of all IT related issues and initiatives, including the digitalisation and transformation programs to support GEH Group's strategic growth into the future. Group TSC is supported by Local ITSC.

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, including requirements governing its investment activities. The responsibility for the formulation, establishment and approval of the policy for the investment of the funds rests with the respective Board of Directors (GE Board). GE Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

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 and make strategic investments for business growth.

GEH Group had no significant changes in the policies and processes relating to its capital structure during the year.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

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 remained well 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 aims to maintain an adequate level of capital to meet regulatory requirements, including any additional amounts required by the regulators of GEH Group and its insurance subsidiaries. This involves managing asset liability decisions and the associated risks in a coordinated way by assessing and monitoring the available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking appropriate actions to adjust the asset liability position of GEH Group and/or its subsidiaries in light of changes in economic conditions and risk characteristics.

The primary sources of capital of GEH Group are its shareholders' equity. 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.

Dividend

GEH Group's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

38.4 **Insurance-Related Risk Management** (continued)

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.

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, investment saving protection 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 insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes into account current health conditions and family medical history, regular review of actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also established to enforce appropriate risk selection 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. While insurance risks may not vary significantly across the geographical locations in which GEH Group currently operates, 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 RMC and GEH Group ALC. 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 given 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, lapses and surrenders, and 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 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			
2023			
Whole life	**59,278**	**(10)**	**59,268**
Endowment	**35,798**	**(64)**	**35,734**
Term	**1,832**	**(273)**	**1,559**
Annuity	**385**	**–**	**385**
Others	**78**	**–**	**78**
Total	**97,371**	**(347)**	**97,024**
2022 (Restated)			
Whole life	55,723	(37)	55,686
Endowment	35,925	(60)	35,865
Term	1,746	(270)	1,476
Annuity	400	–	400
Others	6	1	7
Total	93,800	(366)	93,434
(b) By country			
2023			
Singapore	**70,521**	**(337)**	**70,184**
Malaysia	**25,604**	**(9)**	**25,595**
Others	**1,246**	**(1)**	**1,245**
Total	**97,371**	**(347)**	**97,024**
2022 (Restated)			
Singapore	66,770	(317)	66,453
Malaysia	25,965	(45)	25,920
Others	1,065	(4)	1,061
Total	93,800	(366)	93,434

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 Major Illness	+ 25% for all future years
(b) Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c) Scenario 3 – Health and Disability	+ 25% for all future years
(d) Scenario 4 – Health and Disability	– 25% for all future years
(e) Scenario 5 – Lapse and Surrender Rates	+ 25% for all future years
(f) Scenario 6 – Lapse and Surrender Rates	– 25% for all future years
(g) Scenario 7 – Expenses	+ 30% for all future years

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

	Impact on Profit/(Loss) after tax			Impact on Equity		
$ million	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
2023						
Scenario 1	**(652)**	**315**	**(337)**	**(596)**	**290**	**(306)**
Scenario 2	**156**	**(81)**	**75**	**82**	**(49)**	**33**
Scenario 3	**(114)**	**8**	**(106)**	**(139)**	**27**	**(112)**
Scenario 4	**82**	**(1)**	**81**	**107**	**(20)**	**87**
Scenario 5	**(41)**	**(28)**	**(69)**	**(21)**	**(26)**	**(47)**
Scenario 6	**(25)**	**62**	**37**	**(50)**	**59**	**9**
Scenario 7	**(177)**	**17**	**(160)**	**(178)**	**17**	**(161)**
2022 (Restated)						
Scenario 1	(467)	202	(265)	(393)	160	(233)
Scenario 2	94	(21)	73	6	33	39
Scenario 3	(79)	2	(77)	(118)	27	(91)
Scenario 4	58	(#)	58	97	(25)	72
Scenario 5	(54)	(8)	(62)	(38)	(5)	(43)
Scenario 6	47	13	60	32	10	42
Scenario 7	(112)	6	(106)	(113)	6	(107)

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

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

	Impact on Profit/(Loss) after tax			Impact on Equity		
$ million	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
2023						
Scenario 1	**(187)**	**38**	**(149)**	**(215)**	**48**	**(167)**
Scenario 2	**33**	**(8)**	**25**	**58**	**(17)**	**41**
Scenario 3	**(231)**	**11**	**(220)**	**(312)**	**12**	**(300)**
Scenario 4	**19**	**(2)**	**17**	**118**	**(3)**	**115**
Scenario 5	**(55)**	**5**	**(50)**	**(75)**	**3**	**(72)**
Scenario 6	**(7)**	**(1)**	**(8)**	**22**	**1**	**23**
Scenario 7	**(50)**	**3**	**(47)**	**(93)**	**3**	**(90)**
2022 (Restated)						
Scenario 1	(213)	43	(170)	(239)	49	(190)
Scenario 2	34	(8)	26	62	(15)	47
Scenario 3	(235)	16	(219)	(304)	18	(286)
Scenario 4	18	(3)	15	101	(5)	96
Scenario 5	(67)	6	(61)	(89)	5	(84)
Scenario 6	(8)	(1)	(9)	22	1	23
Scenario 7	(55)	4	(51)	(91)	4	(87)

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

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 as at year end.

	2023			2022 (Restated)		
Non-life insurance contracts $ million	Gross	Reinsurance	Net	Gross	Reinsurance	Net
(a) By class of business						
Fire	**118**	**(83)**	**35**	118	(74)	44
Motor	**94**	**(2)**	**92**	90	(3)	87
Marine and aviation	**22**	**(4)**	**18**	26	(11)	15
Workmen's compensation	**37**	**(11)**	**26**	41	(13)	28
Personal accident and health	**61**	**(8)**	**53**	48	(6)	42
Miscellaneous	**259**	**(194)**	**65**	310	(254)	56
Total	**591**	**(302)**	**289**	633	(361)	272
(b) By country						
Singapore	**262**	**(121)**	**141**	263	(121)	142
Malaysia	**284**	**(164)**	**120**	309	(207)	102
Indonesia	**45**	**(17)**	**28**	61	(33)	28
Total	**591**	**(302)**	**289**	633	(361)	272

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.

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.

		Impact on Profit/(Loss) after tax			Impact on Equity		
$ million	Change in assumptions	Gross Impact	Reinsurance Ceded	Net Impact	Gross Impact	Reinsurance Ceded	Net Impact
2023							
Risk adjustment	**+20%**	**(11)**	**7**	**(4)**	**(11)**	**7**	**(4)**
Loss ratio [1]	**+20%**	**(55)**	**20**	**(35)**	**(55)**	**20**	**(35)**
2022 (Restated)							
Risk adjustment	+20%	(15)	10	(5)	(16)	10	(6)
Loss ratio [1]	+20%	(40)	10	(30)	(60)	21	(39)

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

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

Cumulative Claims Estimates and Cumulative Payments To-Date

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

(i) Gross non-life liabilities for incurred claims as at 31 December 2023

$ million	2016	2017	2018	2019	2020	2021	2022	2023	Total
(a) Estimate of cumulative claims									
Accident Year	188	204	174	206	255	234	242	233	
One year later	203	202	154	215	229	210	206	–	
Two years later	201	182	147	218	259	202	–	–	
Three years later	195	187	230	221	179	–	–	–	
Four years later	194	188	230	195	–	–	–	–	
Five years later	194	185	222	–	–	–	–	–	
Six years later	190	168	–	–	–	–	–	–	
Seven years later	155	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**155**	**168**	**222**	**195**	**179**	**202**	**206**	**233**	
(b) Cumulative payments	**153**	**159**	**131**	**170**	**138**	**160**	**139**	**85**	
(c) Non-life gross claim liabilities	**2**	**9**	**91**	**25**	**41**	**42**	**67**	**148**	**425**
Gross claim liabilities – prior years									7
Effect of discounting									(13)
Effect of the risk adjustment margin for non-financial risk									48
Non-life insurance contract liabilities, gross									**467**

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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 2023

$ million	2016	2017	2018	2019	2020	2021	2022	2023	Total
(a) Estimate of cumulative claims									
Accident Year	100	117	113	114	102	96	124	138	
One year later	102	118	107	110	98	91	116	–	
Two years later	100	115	105	113	94	87	–	–	
Three years later	97	114	107	113	88	–	–	–	
Four years later	96	113	106	108	–	–	–	–	
Five years later	96	111	102	–	–	–	–	–	
Six years later	93	107	–	–	–	–	–	–	
Seven years later	91	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**91**	**107**	**102**	**108**	**88**	**87**	**116**	**138**	
(b) Cumulative payments	**91**	**105**	**97**	**99**	**78**	**74**	**85**	**57**	
(c) Non-life net claim liabilities	**#**	**2**	**5**	**9**	**10**	**13**	**31**	**81**	**151**
Net claim liabilities – prior years									5
Non-performing risk									5
Effect of discounting									(4)
Effect of the risk adjustment margin for non-financial risk									11
Others									11
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, 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.

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)

GEH Group is exposed to interest rate risk through (i) investments in fixed income instruments and (ii) 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 that perfectly matches the duration of the policy liabilities. This results in interest rate risk and asset liability mismatch risk, and these risks are managed and monitored by GEH Group ALC and the Local ALCs.

Where the liabilities of the portfolios are predominantly measured using the VFA and the backing assets are measured using the 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 elect to disaggregate the insurance finance income and expenses between Profit or Loss and Other Comprehensive Income, the backing assets would also elect a similar option. 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
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	766	380	549	86	1,781
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	65,099	26,609	1,945	6,826	100,479
2022 (Restated)					
Financial assets at FVOCI					
Equity securities	232	250	203	977	1,662
Debt securities	4,312	1,935	3,750	589	10,586
Financial assets at FVTPL					
Equity securities	879	6,608	668	3,336	11,491
Debt securities	20,253	14,140	11,253	3,346	48,992
Other investments	6,500	204	5,989	1,534	14,227
Financial assets at amortised cost					
Debt securities	804	–	995	3	1,802
Derivative financial assets	18,685	#	(15,907)	(2,016)	762
Loans	222	144	–	114	480
Other debtors	357	199	161	43	760
Cash and cash equivalents	6,819	1,510	886	393	9,608
Insurance contract assets	2	357	3	11	373
Reinsurance contract assets	473	666	51	19	1,209
Financial and insurance-related assets	59,538	26,013	8,052	8,349	101,952
Other creditors	739	342	89	53	1,223
Derivative financial liabilities	(979)	5	(1,502)	2,768	292
Provision for agents' retirement benefits	1	295	–	–	296
Insurance contract liabilities	63,694	26,630	3,866	616	94,806
Reinsurance contract liabilities	67	415	#	#	482
Financial and insurance-related liabilities	63,522	27,687	2,453	3,437	97,099

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

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 and insurance-related assets and maturity profile of GEH Group's financial and insurance-related 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
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**
Financial and insurance-related assets	**105,379**	**18,071**	**22,299**	**54,517**	**33,422**	**128,309**
Other creditors	**1,780**	**1,739**	**5**	**#**	**36**	**1,780**
Derivative financial liabilities	**180**	**142**	**34**	**4**	**–**	**180**
Provision for agents' retirement benefits	**298**	**152**	**56**	**90**	**–**	**298**
Financial and insurance-related liabilities	**2,258**	**2,033**	**95**	**94**	**36**	**2,258**
2022 (Restated)						
Financial assets at FVOCI						
Equity securities	1,662	–	–	–	1,662	1,662
Debt securities	10,586	958	5,165	9,503	–	15,626
Financial assets at FVTPL						
Equity securities	11,491	–	–	–	11,491	11,491
Debt securities	48,992	4,967	19,283	39,202	1,185	64,637
Other investments	14,227	–	–	–	14,227	14,227
Financial assets at amortised cost						
Debt securities	1,802	788	846	641	–	2,275
Derivative financial assets	762	641	80	41	–	762
Loans	480	114	395	14	–	523
Other debtors	760	756	2	2	#	760
Cash and cash equivalents	9,608	9,608	–	–	–	9,608
Financial and insurance-related assets	100,370	17,832	25,771	49,403	28,565	121,571
Other creditors	1,223	1,183	5	#	35	1,223
Derivative financial liabilities	292	221	12	59	–	292
Provision for agents' retirement benefits	296	140	57	99	–	296
Financial and insurance-related liabilities	1,811	1,544	74	158	35	1,811

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

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
2023							
Insurance contract liabilities	**15,645**	**5,091**	**2,267**	**2,197**	**3,013**	**58,826**	**87,039**
Reinsurance contract liabilities held	**57**	**8**	**10**	**12**	**12**	**173**	**272**
Total	**15,702**	**5,099**	**2,277**	**2,209**	**3,025**	**58,999**	**87,311**
2022 (Restated)							
Insurance contract liabilities	11,079	8,022	3,502	1,986	2,044	57,316	83,949
Reinsurance contract liabilities held	343	15	23	13	12	113	519
Total	11,422	8,037	3,525	1,999	2,056	57,429	84,468

Amounts Payable on Demand

Term life contracts issued and reinsurance contracts held have zero amounts payable on demand.

	2023		2022	
$ million	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
Universal life contracts	**3,493**	**3,693**	3,223	3,418
Investment-linked contracts	**8,440**	**8,966**	7,909	8,225
Participating contracts	**54,293**	**65,640**	54,545	63,782
Total	**66,226**	**78,299**	65,677	75,425

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*	Non-current	Total
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	**160**	**709**	**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	**27,895**	**81,139**	**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	**62**	**158**	**220**
Insurance contract liabilities	**17,216**	**80,785**	**98,001**
Liabilities	**19,430**	**81,615**	**101,045**
2022 (Restated)			
Cash and cash equivalents	9,608	–	9,608
Other debtors	757	64	821
Asset held for sale	73	–	73
Loans	103	377	480
Derivative financial assets	641	121	762
Investments	18,801	69,959	88,760
Deferred tax assets	21	32	53
Reinsurance contract assets	712	497	1,209
Insurance contract assets	190	182	372
Investment in associates	–	123	123
Intangible assets	43	161	204
Investment properties	–	1,881	1,881
Property, plant and equipment	45	464	509
Assets	30,994	73,861	104,855
Other creditors	1,264	97	1,361
Income tax payable	238	–	238
Derivative financial liabilities	221	71	292
Provision for agents' retirement benefits	20	276	296
Deferred tax liabilities	–	106	106
Reinsurance contract liabilities	351	130	481
Insurance contract liabilities	12,678	82,128	94,806
Liabilities	14,772	82,808	97,580

(1) * represents expected recovery or settlement within 12 months from the reporting date.

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:

		2023		2022	
$ million	Type of collateral	Carrying amount	Fair value	Carrying amount	Fair value
Secured loans	Properties	**372**	**882**	292	546
Secured loans	Others	**1**	**1**	#	#
Derivatives	Cash	**257**	**257**	186	186
		630	**1,140**	478	732

There were no securities lending arrangements as at 31 December 2023 (2022: nil).

As at the reporting date, no investments (2022: nil) were placed as collateral for currency hedging purposes.

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
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**
2022 (Restated)				
Loans at amortised cost				
Investment grade* (BBB to AAA)	373	112	–	485
Not rated	2	–	37	39
	375	112	37	524
Loss allowance	(#)	(6)	(37)	(43)
Carrying amount	375	106	–	481
Debt securities at amortised cost				
Investment grade* (BBB to AAA)	1,803	–	–	1,803
	1,803	–	–	1,803
Loss allowance	(1)	–	–	(1)
Carrying amount	1,802	–	–	1,802
Debt securities at FVOCI				
Investment grade* (BBB to AAA)	10,405	79	–	10,484
Non investment grade* (C to BB)	–	5	–	5
Not rated	97	–	–	97
	10,502	84	–	10,586

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

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 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
2023					
Financial assets at FVOCI					
Equity securities	**–**	**–**	**–**	**1,906**	**1,906**
Financial assets at FVTPL					
Equity securities	**–**	**–**	**–**	**11,531**	**11,531**
Debt securities	**40,852**	**3,090**	**4,698**	**–**	**48,640**
Other investments	**–**	**–**	**–**	**19,245**	**19,245**
Derivative financial assets	**964**	**–**	**–**	**–**	**964**
Other debtors	**3**	**12**	**1,050**	**–**	**1,065**
Cash and cash equivalents	**5,673**	**–**	**630**	**–**	**6,303**
Reinsurance contract assets	**869**	**–**	**–**	**–**	**869**
	48,361	**3,102**	**6,378**	**32,682**	**90,523**
2022 (Restated)					
Financial assets at FVOCI					
Equity securities	–	–	–	1,662	1,662
Financial assets at FVTPL					
Equity securities	–	–	–	11,491	11,491
Debt securities	42,303	2,362	4,327	–	48,992
Other investments	–	–	–	14,227	14,227
Derivative financial assets	738	–	24	–	762
Other debtors	2	1	756	–	759
Cash and cash equivalents	8,024	–	1,584	–	9,608
Reinsurance contract assets	1,209	–	–	–	1,209
	52,276	2,363	6,691	27,380	88,710

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

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 by 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.

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 2023, 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 2023.

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 2022	1	10	2	13
Net remeasurement of loss allowance	–	–	34	34
New financial assets purchased	1	4	–	5
Financial assets that have been derecognised	(1)	(4)	–	(5)
Changes in models/risk parameters	(#)	(3)	–	(3)
Foreign exchange and other movements	–	(1)	–	(1)
At 31 December 2022/1 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**	**8**	**47**	**56**
Debt securities at amortised cost				
At 1 January 2022	2	–	–	2
Net remeasurement of loss allowance	#	–	–	#
New financial assets purchased	1	–	–	1
Financial assets that have been derecognised	(1)	–	–	(1)
Changes in models/risk parameters	#	–	–	#
Foreign exchange and other movements	(#)	–	–	(#)
At 31 December 2022/1 January 2023	**2**	**–**	**–**	**2**
Net remeasurement of loss allowance	**#**	**–**	**–**	**#**
New financial assets purchased	**#**	**–**	**–**	**#**
Changes in models/risk parameters	**(#)**	**–**	**–**	**(#)**
At 31 December 2023	**2**	**–**	**–**	**2**
Debt securities at FVOCI				
At 1 January 2022	7	4	3	14
Adoption of SFRS(I) 17	1	10	–	11
At 1 January 2022 (restated)	8	14	3	25
Net remeasurement of loss allowance	#	(#)	–	–
New financial assets purchased	4	2	–	6
Financial assets that have been derecognised	(3)	(4)	–	(7)
Changes in models/risk parameters	(1)	(1)	–	(2)
Foreign exchange and other movements	–	(#)	–	(#)
At 31 December 2022/1 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	**11**	**10**	**3**	**24**
Increase/(decrease) in provision for impairment of financial assets for the year				
31 December 2022	–	(7)	34	27
31 December 2023	**3**	**1**	**11**	**15**

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.

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.

Market Risk Sensitivity Analysis

	Impact on profit after tax					
$ million	2023			2022 (Restated)		
	Financial assets	Insurance & reinsurance contracts	Total	Financial assets	Insurance & reinsurance contracts	Total
Change in variables:						
(a) Interest rate						
+100 basis points	**(2,798)**	**2,740**	**(58)**	(2,226)	2,205	(21)
–100 basis points	**3,239**	**(3,211)**	**28**	2,526	(2,530)	(4)
(b) Foreign currency						
5% increase in market value of USD denominated assets	**109**	**(146)**	**(37)**	120	(123)	(3)
5% decrease in market value of USD denominated assets	**(109)**	**141**	**32**	(120)	123	3
(c) Equity						
20% increase in market indices						
STI	**334**	**(318)**	**16**	272	(260)	12
KLCI	**948**	**(952)**	**(4)**	681	(681)	(#)
20% decrease in market indices						
STI	**(335)**	**318**	**(17)**	(272)	260	(12)
KLCI	**(948)**	**927**	**(21)**	(681)	656	(25)
(d) Credit						
Spread +100 basis points	**(1,237)**	**1,193**	**(44)**	(1,073)	1,066	(7)
Spread –100 basis points	**1,417**	**(1,372)**	**45**	1,191	(1,178)	13
(e) Alternative investments [1]						
10% increase in market value of all alternative investments	**592**	**(520)**	**72**	426	(354)	72
10% decrease in market value of all alternative investments	**(592)**	**520**	**(72)**	(426)	354	(72)

(1) Alternative investments comprise investments in real estate, private equity, 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)

	Impact on Equity					
$ million	2023			2022 (Restated)		
	Financial assets	Insurance & reinsurance contracts	Total	Financial assets	Insurance & reinsurance contracts	Total
Change in variables:						
(a) Interest rate						
+100 basis points	**(3,374)**	**3,054**	**(320)**	(2,729)	2,461	(268)
–100 basis points	**3,889**	**(3,644)**	**245**	3,098	(2,882)	216
(b) Foreign currency						
5% increase in market value of USD denominated assets	**109**	**(145)**	**(36)**	120	(132)	(12)
5% decrease in market value of USD denominated assets	**(109)**	**139**	**30**	(120)	134	14
(c) Equity						
20% increase in market indices						
STI	**358**	**(328)**	**30**	309	(270)	39
KLCI	**982**	**(984)**	**(2)**	716	(715)	1
20% decrease in market indices						
STI	**(358)**	**328**	**(30)**	(309)	270	(39)
KLCI	**(982)**	**960**	**(22)**	(716)	690	(26)
(d) Credit						
Spread +100 basis points	**(1,587)**	**1,277**	**(310)**	(1,383)	1,150	(233)
Spread –100 basis points	**1,807**	**(1,478)**	**329**	1,541	(1,281)	260
(e) Alternative investments [1]						
10% increase in market value of all alternative investments	**610**	**(537)**	**73**	449	(377)	72
10% decrease in market value of all alternative investments	**(610)**	**537**	**(73)**	(449)	377	(72)

[1] Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The method for deriving sensitivity information and significant variables is enhanced from previous year to more accurately estimate the change in liabilities due to change in variables. Comparative figures have been revised using the new computation method.

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, 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.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Operational and Compliance Risk (continued)

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 GEH Group Internal Audit on the adequacy and effectiveness of the technology risk controls.

Sustainability Risk

Sustainability risk is defined as any environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and enterprise value. GEH Group has integrated ESG considerations into the investment, underwriting and its own operational activities.

At present, GEH Group manages social and governance-related risk through existing frameworks and policies. In order to build resilience as the world transits to a low-carbon economy, GEH Group has formalised the Group Environmental Risk Management Policy which sets forth guiding principles and minimum standards in managing environmental risk within GEH Group. Environmental risk arises from the potential adverse impact of changes in the environment on economic activities and human well-being. Environmental issues that are of concern include climate change, loss of biodiversity, pollution and changes in land use. Environmental risk can manifest in three dimensions of risk as follows:

- Physical risk – impact of weather events and long-term or widespread environmental changes. It arises from acute (event-driven) and chronic (long term shift) climate-related events that damage property, reduce productivity and disrupt trade.
- Transition risk – arises from the process of adjustment to an environmentally sustainable economy, including change in public policies, disruptive technological developments, and shifts in consumer and investor preferences.
- Liability risk – arises from legal risk and claims on damages and losses incurred from inaction or lack of action that results in the effects of physical and transition risks.

GEH Group's risk assessment considers the financial and non-financial impacts from physical and transition risks arising from climate change. With this, GEH Group organisation has put in place processes, methodology, and both qualitative and quantitative tools to identify and assess environmental risk for investment and underwriting portfolios.

For underwriting portfolio, risk transfer tool such as reinsurance is used to assist in managing environmental risk. For investment portfolio, the objective is to build resilient investment portfolios whilst striking a balance between ESG considerations, impact and financial returns.

GEH Group has made its first disclosures on climate-related risks aligned to the Task Force on Climate-related Financial Disclosures (TCFD) in May 2021 as part of GEH Sustainability Report 2021. The report provides some insights into the Group's governance approach, strategy and risk management, as well as key metrics and targets for climate-related financial risks.

39. Financial Assets and Financial Liabilities Classification

	GROUP					
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	Total
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)

	GROUP					
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	Total
2022 (Restated)						
Cash and placements with central banks	–	–	34,966	–	–	34,966
Singapore government treasury bills and securities	2,193	–	537	14,366	–	17,096
Other government treasury bills and securities	1,194	10	419	20,648	–	22,271
Placements with and loans to banks	877	–	17,042	12,325	–	30,244
Loans to customers	23	–	291,444	–	–	291,467
Debt securities	2,697	24	307	19,928	–	22,956
Equity securities and investment funds	3,924	–	–	1,130	–	5,054
Debt and equity securities	6,621	24	307	21,058	–	28,010
Derivative receivables	15,605	–	–	–	–	15,605
Other assets	–	–	5,428	–	415	5,843
Amounts due from associates	–	–	7	–	–	7
Financial assets	26,513	34	350,150	68,397	415	445,509
Non-financial assets						16,417
						461,926
Financial assets for life insurance funds	32,444	38,845	11,719	8,869	1,166	93,043
Non-financial assets for life insurance funds						1,955
Total assets						556,924
Deposits of non-bank customers	–	–	350,081	–	–	350,081
Deposits and balances of banks	–	–	10,046	–	–	10,046
Trading portfolio liabilities	212	–	–	–	–	212
Derivative payables	16,048	–	–	–	–	16,048
Other liabilities [(1)]	–	–	7,076	–	687	7,763
Debt issued	–	1,040	20,898	–	–	21,938
Financial liabilities	16,260	1,040	388,101	–	687	406,088
Non-financial liabilities						2,203
						408,291
Financial liabilities for life insurance funds	275	–	1,261	–	94,602	96,138
Non-financial liabilities for life insurance funds						70
Total liabilities						504,499

(1) Other liabilities include amounts due to associates.

39. Financial Assets and Financial Liabilities Classification (continued)

$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Total
	BANK				
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.

39. Financial Assets and Financial Liabilities Classification (continued)

$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Total
	BANK				
2022					
Cash and placements with central banks	–	–	27,812	–	27,812
Singapore government treasury bills and securities	1,836	–	537	13,516	15,889
Other government treasury bills and securities	816	–	419	6,930	8,165
Placements with and loans to banks	856	–	11,278	6,546	18,680
Loans to customers	23	–	201,087	–	201,110
Debt securities	1,894	–	307	11,434	13,635
Equity securities and investment funds	2,896	–	–	90	2,986
Debt and equity securities	4,790	–	307	11,524	16,621
Placements with and advances to subsidiaries	–	–	18,844	–	18,844
Derivative receivables	13,742	–	–	–	13,742
Other assets	–	–	2,177	–	2,177
Amounts due from associates	–	–	6	–	6
Financial assets	22,063	–	262,467	38,516	323,046
Non-financial assets					20,931
Total assets					343,977
Deposits of non-bank customers	–	–	223,310	–	223,310
Deposits and balances of banks	–	–	7,691	–	7,691
Deposits and balances of subsidiaries	–	–	36,522	–	36,522
Trading portfolio liabilities	212	–	–	–	212
Derivative payables	14,300	–	–	–	14,300
Other liabilities [(1)]	–	–	2,556	–	2,556
Debt issued	–	1,040	20,254	–	21,294
Financial liabilities	14,512	1,040	290,333	–	305,885
Non-financial liabilities					1,176
Total liabilities					307,061

(1) Other liabilities include amounts due to associates.

40. Interest Rate Benchmark Reform (IBOR Reform)

The London Interbank Offered Rate (LIBOR), formerly a key benchmark in international financial markets, has been phased out and replaced by Risk Free Rates (RFRs). All British pound, Euro, Swiss franc and Japanese yen LIBORs, as well as the 1-week and 2-month US dollar LIBOR were discontinued on 31 December 2021. All remaining US dollar LIBORs were discontinued on 30 June 2023.

The discontinuation of LIBOR had a direct impact on the viability of the Singapore Dollar Swap Offer Rate (SOR), which relied on US dollar LIBOR in its computation. Additionally, like LIBOR, the Singapore Interbank Offered Rate (SIBOR), a key benchmark widely used in retail loans, is subject to expert judgement due to a lack of underlying transactions. The Singapore Overnight Rate Average (SORA) was identified as the alternative benchmark to SOR and SIBOR. MAS established an industry-led Steering Committee for SOR & SIBOR Transition to SORA (SC-STS) to oversee the coordination and implementation of the transition efforts.

To ensure a smooth transition from LIBOR to RFRs and SOR and SIBOR to SORA, the Group also established an internal Steering Committee to coordinate efforts across various business, control and support functions. The Group made the necessary system upgrades and modifications to ensure the readiness of our infrastructure and processes in a timely manner.

We have also assessed the adequacy of provisions relating to the discontinuation of benchmarks in the Group's documentation for loans, derivatives, debt instruments and other relevant transactions, and remediated the necessary documentation. With the cessation of USD LIBOR and SOR on 30 June 2023, all retail and corporate loans and derivatives referencing SOR have successfully transitioned to SORA, fixed rates or other industry standard replacement rates. Appropriate adjustments were made as recommended by the industry to reflect the differences between SOR and SORA. As of 31 December 2023, loans and derivatives referencing USD LIBOR have also successfully transitioned to the Secured Overnight Financing Rate (SOFR), fixed rates or other industry standard replacement rates as agreed between contracting parties. There was no significant impact from the cessation of USD LIBOR and SOR.

For SIBOR, the transition will be completed in 2024 in line with the roadmap established by the industry. No significant impact is expected from the transition of SIBOR to SORA.

41. Fair Values of Financial Instruments

41.1 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.

41. Fair Values of Financial Instruments (continued)

41.2 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.

41.3 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.

41. Fair Values of Financial Instruments (continued)

41.3 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:

	2023				2022			
$ million	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	**3,023**	**16,188**	**–**	**19,211**	2,222	10,980	–	13,202
Debt and equity securities	**25,235**	**7,604**	**2,930**	**35,769**	18,453	5,869	3,381	27,703
Loans to customers	**1**	**–**	**10**	**11**	–	–	23	23
Derivative receivables	**57**	**12,422**	**497**	**12,976**	117	15,141	347	15,605
Government treasury bills and securities	**32,973**	**4,862**	**–**	**37,835**	34,096	4,315	–	38,411
Investment securities for life insurance funds	**48,481**	**38,024**	**2,793**	**89,298**	51,460	25,442	3,256	80,158
Total	**109,770**	**79,100**	**6,230**	**195,100**	106,348	61,747	7,007	175,102
Non-financial assets measured at fair value								
Investment properties and asset held for sale for life insurance funds	**–**	**–**	**1,881**	**1,881**	–	–	1,954	1,954
Associates	**–**	**–**	**95**	**95**	–	–	122	122
Total	**–**	**–**	**1,976**	**1,976**	–	–	2,076	2,076
Financial liabilities measured at fair value								
Derivative payables	**76**	**13,028**	**616**	**13,720**	103	15,662	283	16,048
Trading portfolio liabilities	**194**	**–**	**–**	**194**	212	–	–	212
Debt issued	**–**	**1,900**	**–**	**1,900**	–	1,040	–	1,040
Insurance contract liabilities and other liabilities for life insurance funds	**7**	**164**	**–**	**171**	22	253	–	275
Total	**277**	**15,092**	**616**	**15,985**	337	16,955	283	17,575
BANK								
Financial assets measured at fair value								
Placements with and loans to banks	**2,580**	**12,192**	**–**	**14,772**	1,532	5,870	–	7,402
Debt and equity securities	**14,859**	**4,381**	**2,370**	**21,610**	10,106	3,593	2,615	16,314
Loans to customers	**–**	**–**	**10**	**10**	–	–	23	23
Derivative receivables	**17**	**10,932**	**468**	**11,417**	22	13,388	332	13,742
Government treasury bills and securities	**18,398**	**3,596**	**–**	**21,994**	19,703	3,395	–	23,098
Total	**35,854**	**31,101**	**2,848**	**69,803**	31,363	26,246	2,970	60,579
Financial liabilities measured at fair value								
Derivative payables	**41**	**11,428**	**614**	**12,083**	32	13,992	276	14,300
Trading portfolio liabilities	**194**	**–**	**–**	**194**	212	–	–	212
Debt issued	**–**	**1,900**	**–**	**1,900**	–	1,040	–	1,040
Total	**235**	**13,328**	**614**	**14,177**	244	15,032	276	15,552

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.

41. Fair Values of Financial Instruments (continued)

41.3 Fair Value Hierarchy (continued)

Valuation Techniques and Unobservable Inputs for Level 3 Instruments

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			

Movements in Level 3 Financial Assets and Liabilities

	2023				
GROUP $ million	Debt and equity securities	Loans to customers	Derivative receivables	Investment securities for life insurance funds	Total
Financial assets measured at fair value					
At 1 January	3,381	23	347	3,256	7,007
Purchases	183	–	17	901	1,101
Settlements/disposals	(383)	(49)	(42)	(1,229)	(1,703)
Transfer out [1]	(48)	–	–	–	(48)
Gains/(losses) 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

(1) Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.

41. Fair Values of Financial Instruments (continued)

41.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

GROUP $ million	Debt and equity securities	Loans to customers	Derivative receivables	Investment securities for life insurance funds	Total
	2022				
Financial assets measured at fair value					
At 1 January	1,172	47	812	2,552	4,583
Purchases	519	46	43	600	1,208
Settlements/disposals	(14)	(27)	(41)	(335)	(417)
Transfer in [1]	1,729	–	51	549	2,329
Gains/(losses) recognised in					
– profit or loss	(24)	(43)	(520)	(106)	(693)
– other comprehensive income	(1)	#	2	(4)	(3)
At 31 December	3,381	23	347	3,256	7,007
Unrealised (losses)/gains included in profit or loss for assets held at the end of the year	(24)	(22)	152	(47)	59

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2023			2022		
	Trading income	Other income	Total	Trading income	Other income	Total
Total gains/(losses) included in profit or loss for the year ended	**165**	**(135)**	**30**	(588)	(105)	(693)
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**578**	**(138)**	**440**	106	(47)	59

(1) Relates to transfers from Levels 1 and 2 to Level 3 due to use of inputs not based on market observable data.

41. Fair Values of Financial Instruments (continued)

41.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

BANK $ million	2023 Debt and equity securities	2023 Loans to customers	2023 Derivative receivables	2023 Total	2022 Debt and equity securities	2022 Loans to customers	2022 Derivative receivables	2022 Total
Financial assets measured at fair value								
At 1 January	**2,615**	**23**	**332**	**2,970**	496	47	636	1,179
Purchases	**173**	**–**	**17**	**190**	508	46	43	597
Settlements/disposals	**(307)**	**(49)**	**(43)**	**(399)**	(14)	(27)	(41)	(82)
Transfer (out) [(1)]/in [(2)]	**(48)**	**–**	**–**	**(48)**	1,655	–	15	1,670
Gains/(losses) recognised in								
– profit or loss	**(40)**	**36**	**162**	**158**	(26)	(43)	(321)	(390)
– other comprehensive income	**(23)**	**–**	**–**	**(23)**	(4)	#	–	(4)
At 31 December	**2,370**	**10**	**468**	**2,848**	2,615	23	332	2,970
Unrealised (losses)/gains included in profit or loss for assets held at the end of the year	**(41)**	**67**	**459**	**485**	(25)	(22)	114	67

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2023 Trading income	2023 Total	2022 Trading income	2022 Total
Total gains/(losses) included in profit or loss for the year ended	**158**	**158**	(390)	(390)
Unrealised gains included in profit or loss for assets held at the end of the year	**485**	**485**	67	67

(1) Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.
(2) Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.

41. Fair Values of Financial Instruments (continued)
41.3 Fair Value Hierarchy (continued)
Movements in Level 3 Financial Assets and Liabilities (continued)

	GROUP				BANK			
	2023		2022		2023		2022	
$ million	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Financial liabilities measured at fair value								
At 1 January	**283**	**283**	640	640	**276**	**276**	448	448
Issues	**60**	**60**	59	59	**59**	**59**	59	59
Settlements/disposals	**(59)**	**(59)**	(143)	(143)	**(59)**	**(59)**	(142)	(142)
Transfer in [1]	**–**	**–**	39	39	**–**	**–**	3	3
Losses/(gains) recognised in								
– profit or loss	**337**	**337**	(314)	(314)	**338**	**338**	(92)	(92)
– other comprehensive income	**(5)**	**(5)**	2	2	**–**	**–**	–	–
At 31 December	**616**	**616**	283	283	**614**	**614**	276	276
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(714)**	**(714)**	(351)	(351)	**(637)**	**(637)**	(359)	(359)

(1) Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.

Gains/(losses) included in profit or loss are presented in the income statements as follows:

	GROUP				BANK			
	2023		2022		2023		2022	
$ million	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total (losses)/gains included in profit or loss for the year ended	**(337)**	**(337)**	314	314	**(338)**	**(338)**	92	92
Unrealised losses included in profit or loss for liabilities held at the end of the year	**(714)**	**(714)**	(351)	(351)	**(637)**	**(637)**	(359)	(359)

Movements in Level 3 Non-Financial Assets

	GROUP					
	2023			2022		
$ million	Investment properties and asset held for sale 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	**1,954**	**122**	**2,076**	1,884	95	1,979
(Sales)/purchases	**(71)**	**8**	**(63)**	1	–	1
Gains/(losses) recognised in						
– profit or loss	**16**	**(27)**	**(11)**	91	24	115
– other comprehensive income	**(18)**	**(8)**	**(26)**	(22)	3	(19)
At 31 December	**1,881**	**95**	**1,976**	1,954	122	2,076

(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/market approach under Level 3 fair value measurements.

42. 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 not offset on balance sheet		
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)	Financial instruments (C)	Collateral (D)	Net amounts in scope (E)
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**
2022						
Financial assets						
Derivative receivables	15,605	2,410	13,195	8,126	677	4,392
Reverse repurchase agreements	7,057 [1]	3,853	3,204	3,198	–	6
Securities borrowings	10 [2]	9	1	1	–	–
Total	22,672	6,272	16,400	11,325	677	4,398
Financial liabilities						
Derivative payables	16,048	2,259	13,789	8,126	1,365	4,298
Repurchase agreements	3,144 [3]	1,369	1,775	1,745	–	30
Securities lendings	2 [4]	–	2	1	–	1
Total	19,194	3,628	15,566	9,872	1,365	4,329

(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.
(4) Cash collateral placed under securities lendings are presented under other liabilities, and are measured at amortised cost.

42. Offsetting Financial Assets and Financial Liabilities (continued)

BANK				Related amounts not offset on balance sheet		
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)	Financial instruments (C)	Collateral (D)	Net amounts in scope (E)
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**
2022						
Financial assets						
Derivative receivables	13,742	1,762	11,980	7,959	874	3,147
Reverse repurchase agreements	4,375 (1)	1,171	3,204	3,198	–	6
Securities borrowings	9 (2)	9	–	–	–	–
Total	18,126	2,942	15,184	11,157	874	3,153
Financial liabilities						
Derivative payables	14,300	1,992	12,308	7,959	974	3,375
Repurchase agreements	1,775 (3)	–	1,775	1,745	–	30
Total	16,075	1,992	14,083	9,704	974	3,405

(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.

43. 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	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**7,222**	6,352	**5,770**	4,756
Term to maturity of more than one year	**4,186**	2,984	**3,441**	2,220
	11,408	9,336	**9,211**	6,976
Acceptances and endorsements	**506**	950	**281**	564
Documentary credits and other short term trade-related transactions	**6,570**	6,463	**4,874**	4,707
	18,484	16,749	**14,366**	12,247

43.1 Analysed by Industry

	GROUP 2023	GROUP 2022	BANK 2023	BANK 2022
Agriculture, mining and quarrying	**62**	153	**12**	58
Manufacturing	**1,991**	1,480	**1,187**	472
Building and construction	**2,213**	2,247	**1,555**	1,388
General commerce	**10,441**	9,238	**8,659**	7,554
Transport, storage and communication	**468**	561	**358**	408
Financial institutions, investment and holding companies	**1,709**	1,614	**1,309**	1,169
Professionals and individuals	**218**	158	**35**	37
Others	**1,382**	1,298	**1,251**	1,161
	18,484	16,749	**14,366**	12,247

43.2 Analysed by Geography

	GROUP 2023	GROUP 2022	BANK 2023	BANK 2022
Singapore	**12,488**	10,905	**12,294**	10,719
Malaysia	**1,060**	1,226	**7**	7
Indonesia	**1,000**	1,094	**–**	–
Greater China	**2,637**	2,683	**749**	667
Other Asia Pacific	**224**	339	**241**	352
Rest of the World	**1,075**	502	**1,075**	502
	18,484	16,749	**14,366**	12,247

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

44. 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	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
44.1 Credit Commitments				
Undrawn credit facilities:				
Term to maturity of one year or less	**152,568**	150,236	**75,198**	67,418
Term to maturity of more than one year	**34,602**	33,468	**44,357**	41,039
	187,170	183,704	**119,555**	108,457
44.2 Other Commitments				
Capital commitment authorised and contracted	**467**	226	**477**	232
Forward deposits and assets purchase	**134**	83	**215**	716
	601	309	**692**	948
44.3 Total Commitments	**187,771**	184,013	**120,247**	109,405
44.4 Credit Commitments Analysed by Industry				
Agriculture, mining and quarrying	**2,853**	1,977	**2,305**	1,272
Manufacturing	**13,867**	11,297	**7,254**	5,220
Building and construction	**27,233**	26,766	**23,569**	22,607
General commerce	**31,761**	29,892	**26,221**	24,213
Transport, storage and communication	**7,644**	6,362	**6,140**	5,435
Financial institutions, investment and holding companies	**39,354**	41,278	**28,347**	24,912
Professionals and individuals	**54,479**	57,689	**17,268**	17,394
Others	**9,979**	8,443	**8,451**	7,404
	187,170	183,704	**119,555**	108,457
44.5 Credit Commitments Analysed by Geography				
Singapore	**139,022**	138,861	**99,925**	92,698
Malaysia	**10,123**	9,190	**1,307**	936
Indonesia	**6,550**	6,103	**–**	–
Greater China	**19,589**	20,432	**6,408**	5,679
Other Asia Pacific	**3,311**	3,424	**3,337**	3,447
Rest of the World	**8,575**	5,694	**8,578**	5,697
	187,170	183,704	**119,555**	108,457

Credit commitments analysed by geography is based on the country where the transactions are recorded.

45. 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
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**
2022				
FVOCI investments	73	–	#	73
FVTPL investments	2	95	2	99
Other assets	–	9	–	9
Total assets	75	104	2	181
Other liabilities	–	–	–	–
Total liabilities	–	–	–	–
Other commitments				
Loan and capital commitments authorised and contracted (1)	37	–	–	37
Income earned from sponsored structured entities (2)	#	51	32	83
Assets of structured entities	652	6,728	403	7,783

(1) These were also included in the Group's capital commitments authorised and contracted in Note 44.
(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 2023 and 2022 were not significant.

46. Financial Assets Transferred

46.1 Assets Pledged

	GROUP		BANK	
	2023 $ million	2022 $ million	2023 $ million	2022 $ million
Government treasury bills and securities				
– Singapore	**425**	584	**525**	909
– Others	**3,117**	650	**1,780**	634
Placements with and loans to banks	**10**	16	**–**	–
Loans to customers	**538**	1,537	**451**	1,422
Debt securities	**2,761**	1,811	**1,853**	1,358
	6,851	4,598	**4,609**	4,323
Obligations to repurchase assets pledged	**4,231**	2,083	**2,174**	1,657

(a) The amounts received from repurchase transactions are recognised as collaterised 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 collaterised 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 $6.55 billion (2022: $6.77 billion), of which $0.07 billion (2022: $0.05 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 $5.67 billion (2022: $3.99 billion), of which $0.07 billion (2022: $0.05 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).

46.2 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 2023, the carrying amounts of the covered bonds in issue was $698 million (2022: $1.78 billion), while the carrying amounts of assets assigned was $7.07 billion (2022: $9.23 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.

47. 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.

47.1 Material Related Party Transactions

Material related party balances at the reporting date and transactions during the financial year were as follows:

	GROUP		BANK		
$ million	Associates	Life insurance funds	Subsidiaries	Associates	Life insurance funds
(a) Loans, placements and other receivables					
At 1 January 2023	7	618	18,844	6	67
Net change	7	129	(6,125)	7	87
At 31 December 2023	**14**	**747**	**12,719**	**13**	**154**
(b) Deposits, borrowings and other payables					
At 1 January 2023	235	950	36,522	197	575
Net change	41	(13)	2,306	(11)	60
At 31 December 2023	**276**	**937**	**38,828**	**186**	**635**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2023	–	4	14,294	–	4
Net change	–	(#)	1,681	–	(#)
At 31 December 2023	**–**	**4**	**15,975**	**–**	**4**
(d) Income statement transactions					
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**
Year ended 31 December 2022					
Interest income	#	9	286	#	#
Interest expense	2	8	566	2	2
Rental income	–	2	30	–	#
Fee and commission and other income	–	305	94	–	244
Rental and other expenses	20	33	574	20	#

(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.

47. Related Party Transactions (continued)

47.2 Key Management Personnel Compensation

	BANK	
	2023 $ million	2022 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**39**	41
Share-based benefits	**15**	14
	54	55

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2023 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 2022 by the Remuneration Committee.

48. 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.

49. 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) 1-1 (Amendments)	*Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 16 (Amendments)	*Lease Liability in a Sale and Leaseback*	1 January 2024
Various	*Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 1-7 (Amendments), SFRS(I) 7 (Amendments)	*Supplier Finance Arrangements*	1 January 2024
SFRS(I) 1-10 (Amendments), SFRS(I) 1-28 (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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.

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FINANCIAL HIGHLIGHTS (unaudited)

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

For notes on the computation of the above ratios, information can be found in the Financial Highlights disclosed on a half-yearly basis.
1. Excludes amortisation of intangible assets.
2. Computed on an annualised basis.

APPENDIX 9 – ADDITIONAL INFORMATION FOR OVERSEAS SHAREHOLDERS

1. AUSTRALIA

GEH's Australian Shareholders should be aware that the Australian takeover rules will not apply to this Offer. As this Offer concerns two companies listed on the SGX-ST, the Offer will be subject to the relevant laws and regulations of Singapore. Australian Shareholders should also be aware that the tax treatment of this offer will be different to that which can be expected in an Australian takeover. Australian Shareholders are encouraged to obtain independent tax advice.

2. UNITED STATES

The Offer is being made for the securities of a company incorporated in Singapore with limited liability and is subject to Singapore disclosure requirements, which are different from those of the United States. The financial information included in this Offer Document has been prepared in accordance with SFRS(I) and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the laws of Singapore. Accordingly, the Offer will be subject to Singapore disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Shareholders are urged to consult their independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Offeror and GEH are located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SGX-ST and, to the extent made public by the SGX-ST, will be available on the website of the SGX-ST at www.sgx.com.

The Notification, this Offer Document (including the Relevant Acceptance Forms) and any related documents have not been reviewed by any federal or state securities commission or regulatory authority in the United States, nor has any such commission or authority passed upon the accuracy or adequacy of the Notification, this Offer Document (including the Relevant Acceptance Forms) and any related documents. Any representation to the contrary is unlawful and may be a criminal offence.

3. HONG KONG

This Offer Document does not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this Offer Document nor anything referred to herein forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, this Offer Document and anything referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.