Company No. 295400-W

OCBC Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure
31 December 2024

The disclosure in this section refers to OCBC Bank (M) Berhad Group position. OCBC Bank (M) Berhad Group consists of OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad which are members of the Overseas-Chinese Banking Corporation Group in Singapore.

BASEL II PILLAR 3 MARKET DISCLOSURES – 31 DECEMBER 2024

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ATTESTATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RISK WEIGHTED CAPITAL ADEQUACY FRAMEWORK (BASEL II) – DISCLOSURE REQUIREMENTS (PILLAR 3)

The risk disclosures set out in the Risk Management Chapter and Basel II Pillar 3 Market Disclosure are generally in conformance with the Bank Negara Malaysia Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB-Basel II) – Disclosure Requirements (Pillar 3) for the Group as at 31 December 2024.

TAN CHOR SEN
CHIEF EXECUTIVE OFFICER
Kuala Lumpur

Risk Management

OCBC (M) Group (hereinafter referred to as the Group) consists of OCBC Bank (Malaysia) Berhad (OCBC Bank) and OCBC Al-Amin Bank Berhad (OABB) which are members of the Oversea-Chinese Banking Corporation Group (OCBC Group) in Singapore.

RISK MANAGEMENT IN OCBC (M) GROUP

At OCBC (M) Group, our corporate values and risk principles are firmly embedded in the way we manage risk.

Risk Management Approach
The Group 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 risks.

Risk Management Framework
Principal risk types are managed with the requisite competencies and resources, detailed guidelines and procedures, infrastructure and systems that are commensurate with our defined risk-taking parameter. We pay close attention to identifying, measuring, monitoring and reporting, while setting tolerances for and dynamically reviewing the risks we accept. Established escalation processes are in place to ensure that risks are discussed and sanctioned at the appropriate levels. Our risk management frameworks and approaches are periodically reviewed and enhanced to incorporate best-in-class practices.

As risks are increasingly inter-connected and must be assessed holistically, we have established cross functional assessments of risk. We regularly engage in emerging risk discussions, while a suite of stress-testing and scenario analyses inform what the impact of plausible risk factors could be to our earnings, capital, liquidity, customer segments, and obligations. Such impacts are taken into account in shaping our risk strategies and contingency plans.

Additionally, we continue to invest in risk infrastructure, digital technologies and data analytics to enhance our risk management capabilities. This includes the selected adoption of artificial intelligence (AI) techniques in early warning and risk assessments which enable us to make more informed decisions and develop proactive strategies to mitigate potential risks.

Principal Risk Types
We generally categorise the risks we face into the following principal risk types. They are as follows:

Table 1: Principal Risk Types

Principal Risks	Definition
Credit Risk	Credit risk is the risk of losing principal and/or income arising from the failure of an obligor or counterparty to meet financial or contractual obligations due to an adverse change in the credit profile of the obligor or counterparty.
Market Risk	Market risk is the risk of losing income and/or market value due to fluctuations in factors such as interest rates, foreign exchange rates and credit spreads, as well as equity and commodity prices or their volatilities and correlations arising from both trading and/or banking activities.
Liquidity Risk	Liquidity risk is the risk arising from the inability to meet financial and cash outflow obligations as they fall due.

Interest Rate Risk in the Banking Book	Interest Rate Risk in the Banking Book is the risk to income and/or capital arising from exposure to adverse changes in the interest rate environment.
Operational Risk	Operational risk is the risk of loss caused by failures in internal processes, systems, people or external events. It covers various non-financial risks including fraud; money laundering, terrorism financing and sanctions risk; new product risk; third-party risk; physical and people security risk; business continuity risk; unauthorised trading risk, regulatory risk and legal and reputational risk.
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 due to the use of information and communication technologies.

Please refer to the respective sections for details of our risk management approach for each of the principal risk types.

Environmental, Social and Governance (ESG) and Climate Risks

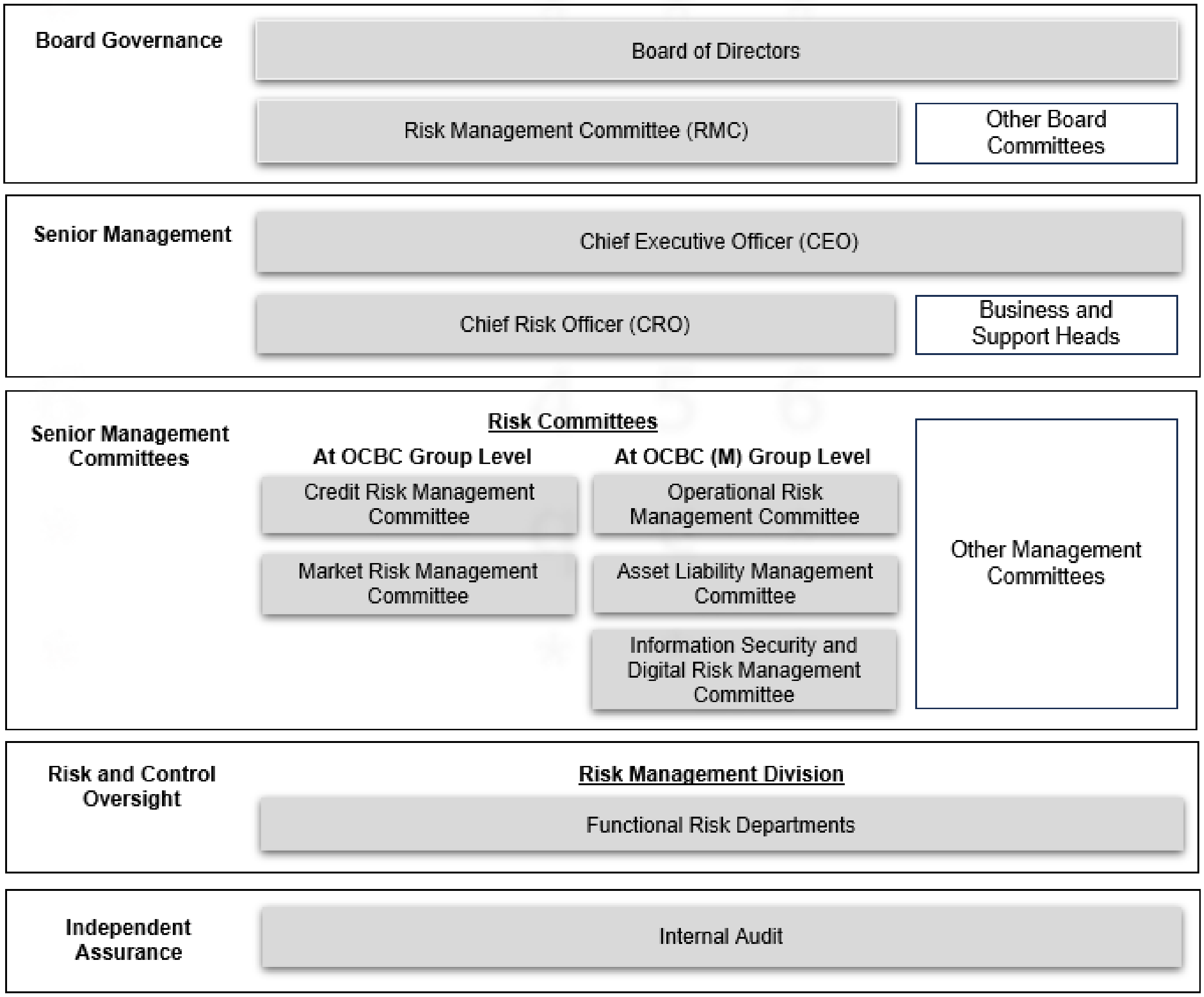
Effectively managing ESG and climate risks is essential to our operations, as these factors influence credit, market, liquidity, operational, and reputational risks. We adopt an integrated and risk-based approach to identifying, assessing, and managing ESG and climate risks. This strategy is embedded in our risk appetite framework, which accounts for both the financial and reputational impacts associated with ESG considerations. Oversight is provided by the relevant principal risk management committees that govern the Group’s ESG and climate risk management.

Currently, ESG and climate factors pose an impact to credit and reputational risks primarily relating to our wholesale lending activities. We therefore incorporate relevant risk management measures into our Responsible Financing framework and credit decision processes. These include ESG and climate risk metrics monitoring and reporting for financial and reputational risks, climate scenario analyses and stress tests. For clients in high-risk sectors, we assess their ability to manage ESG, transition, and physical risks, with high-risk clients undergoing enhanced due diligence. Time-bound action plans or covenants may be imposed and transactions posing significant reputational risks are escalated to the OCBC Group Reputational Risk Review Group for further review and clearance.

We are committed to integrating quantitative ESG and climate risk metrics into our practices while enhancing climate scenario analysis methodologies. We are guided by industry developments, data availability and ongoing dialogue with regulators.

RISK GOVERNANCE AND ORGANISATION

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 Group’s risk governance and oversight structure is shown below.



The Risk Management Committee (RMC) 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 RMC has oversight of credit, market, liquidity, information security and digital, operational, conduct, money laundering and terrorism financing, fraud, 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 RMC ensures that the overall risk management organisation is in place and effective. It provides quantitative and qualitative guidance to major business units and risk functions to guide risk-taking. Senior management, functional risk committees, Chief Executive Officer (CEO) and RMC regularly review our risk drivers, risk profiles, risk management frameworks and policies, and compliance matters.

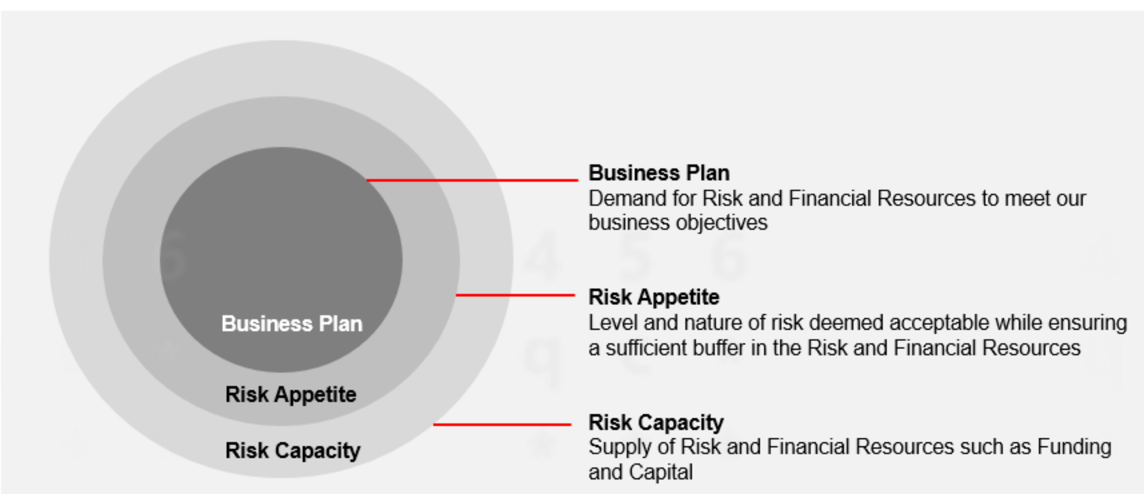
Risk Management Division (RMD)'s day-to-day responsibilities involve providing independent risk control and managing credit, market, liquidity, information security and digital, operational and ESG risks. It provides regular risk reports and updates on developments in material risk drivers and potential vulnerabilities. It recommends mitigating actions, to senior management, risk committees, RMC and the Board.

Three Lines of Defence
All employees are responsible for identifying and managing risk, a responsibility embedded in our corporate culture and robust internal control environment. This is operationalised via a three-line defence structure that distinctly outlines the roles, responsibilities and accountability of risk.

Table 2: Three Lines of Defence		
First Line	**Second Line**	**Third Line**
Day-to-day Risk Management	**Risk and Control Oversight**	**Independent Assurance**
Business and Support Units: • Owns and manages risks arising from their business activities on a day-to-day basis. • Carries out business activities that are consistent with Group's strategy and risk appetite. • Operates within the approved boundaries of our policies and limits and comply with applicable laws and regulations.	**Risk and Control Function:** • Independently and objectively identifies and assesses the risk-taking activities of the first line. • Establishes relevant risk management frameworks, policies, processes and systems. • Provides independent identification, assessment, monitoring and reporting of the Group's risk profiles, portfolio concentrations and material risk issues.	**Internal Audit:** • Independently assures the Country CEO, Audit Committee and the Board on the adequacy and effectiveness of our risk management and internal control systems. • Evaluates the overall risk awareness and control consciousness of the management in discharging its supervisory and oversight responsibilities.

RISK APPETITE

Our aim is to manage risks in a prudent and sustainable manner for the long-term viability of the Group. The Board determines the Group's risk appetite, defining the level and nature of risks that we can undertake on behalf of our shareholders while maintaining our commitments to customers, employees, regulators and other stakeholders. Business plans take into account the corporate strategy, the forward-looking operating environment and potential risks assessed against our risk appetite. Our risk appetite is operationalized across the Group through our policies, processes and limits to manage both financial and non-financial risks



Senior business and risk managers participate in regular forums to review the macroeconomic and financial development and discuss the operating conditions, event risks and potential "dark clouds" that may have a significant impact on our earnings or solvency. These risks are measured via stress tests as well as segment-specific and ad hoc event-specific portfolio reviews. The results are used to assess the potential impact of various scenarios on our earnings and capital, and to identify vulnerabilities of material portfolios and trigger appropriate risk management actions.
We conduct an annual Internal Capital Adequacy Assessment Process (ICAAP) that incorporates the results of stress tests for various risk types. The aim is to assess if we can maintain sufficient capital levels under a forward-looking operating environment and in severe stress scenarios. Appropriate risk-mitigating actions are taken to manage potential risks.

CREDIT RISK MANAGEMENT

Credit risk arises from our lending activities to retail, corporate and institutional customers. It also includes counterparty and issuer credit risks arising from our underwriting, trading and investment banking activities.

Credit Risk Management Approach

Our credit risk management framework provides a comprehensive and proactive approach towards managing credit risk in the Group. The framework documents the credit risk objectives and minimum standards for the full credit risk management cycles of the Group's lending businesses. Effective risk management is enhanced by the experience and sound judgment of our credit specialists.

Our credit risk management approach is tailored based on the unique characteristics and nature of the various portfolios or customer segments. Specific policies and procedures are in place for major customer segments. Please refer to Table 3 for more information.

Table 3: Credit Risk Management Approach for Major Customer Segments

Consumers and Small Businesses	Corporate and Institutional Customers
• Assess credits through credit programmes with predefined customer selection criteria and risk acceptable criteria. • Use scorecard models and credit decision-making systems for efficient, objective and consistent credit decisions and customer due diligence checks. • Apply bankruptcy and credit bureau checks, together with systems and processes such as identity checks and independent verification of documentation for credit screening. • Monitor credit risk on portfolio basis, using comprehensive risk management information systems (MIS), behavioural models and stress testing for monitoring and early identification of potentially weak credits.	• Assess credits individually with robust independent evaluation carried out by experienced credit officers. • Use predefined target market and risk acceptance criteria to guide credit extensions. • Make credit decisions after comprehensive qualitative and quantitative risk assessment, including a thorough understanding of the customer and customer group's interdependencies • Business and credit risk units jointly approve credits to ensure objectivity and shared risk ownership. • Conduct regular reviews and forward-looking stress tests at borrower and portfolio levels to monitor credit quality and identify potential weak credits early.

Counterparty Credit Risk Management

Counterparty credit risk arises from the potential default of a counterparty during our trading and/or banking activities including in derivatives and debt securities. The credit exposure to a counterparty is measured as the sum of current mark-to-market value of the transactions plus an appropriate add-on for potential future exposures in response to market prices fluctuations. The risk also covers settlement risk, which is the potential

loss incurred if a counterparty fails to fulfil its obligation after the Bank has performed its obligation under a contract or agreement at the settlement date.
Each counterparty undergoes robust credit assessment, including the suitability of the product offered. Credit risk mitigation tools are used as needed to manage counterparty credit risk. Please refer to the Credit Risk Mitigation Section for details.

We manage our credit exposures independently through daily limit excess monitoring, excess escalation, pre-deal excess approval and timely risk reporting.

Credit Risk Mitigation
Credit risk mitigation is managed via various measures such as holding collateral, buying credit protection and setting netting arrangements to reduce credit risk exposures. Risk mitigation does not replace our proper assessment of the obligor's ability to repay, which remains the primary repayment source. Our credit policies outline the key considerations for eligible credit risk mitigants. Including legal certainty and enforceability, correlation, liquidity, marketability, counterparty risk of the credit protection provider and collateral-specific minimum operational requirements. Eligible physical and financial collateral types include cash, real estate, marketable securities, standby letters of credit and credit insurance.

Where collateral is taken, appropriate haircuts to the value to reflect its inherent nature, quality, liquidity and volatility. Regular independent valuations of the collateral are conducted. We also monitor our collateral holdings to maintain diversification across asset classes and markets. We accept guarantees from individuals, corporates, and institutions as a form of support. Where guarantees are recognised as credit risk mitigants via the PD substitution approach, we have established eligibility criteria and guidelines.

Netting, collateral arrangements, early termination options and central clearing mechanisms are common risk mitigation tools for managing counterparty credit risk. In approved netting jurisdictions, netting agreements allow us to offset our obligations against what is due from that counterparty in the event of a default, thereby reducing credit risk exposure. Collateral arrangements are typically governed under market standard documentation such as International Swaps and Derivatives Association (ISDA) and Credit Support Annexes (CSA) or Global Master Repurchase Agreements (GMRA). Such arrangements will require the posting of additional collateral if the mark-to-market exposures exceed the agreed threshold amount. We apply a haircut to the value of the eligible collateral to cover potential adverse market volatility. Regulatory margin requirements may apply to the agreed threshold amount. ISDA agreements may also include rating triggers to allow for transaction termination or require additional collateral if a rating downgrade occurs.

Credit Portfolio Management
Credit portfolio management focuses on managing the collective or aggregate risk of our credit portfolios, instead of the credit risk of individual borrowers. We have developed and implemented a range of capabilities to identify, measure and monitor credit risk at a portfolio level. These capabilities include:

Portfolio Segmentation

- This is the process of grouping credit exposures that are similar in nature. It involves the use of attributes that represent common business drivers such as geography, industry and business segment, as well as common risk drivers such as exposure to material downside risks like a property price correction, a sharp hike in interest rates, or a country risk event.

Portfolio Modelling

- This includes using internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to Table 4 for information on our internal rating models. We also use stress testing models to simulate the potential increase in our credit losses and Credit Risk-Weighted Assets (CRWA) under stressed scenarios.

- Overview of Internal Rating Models
  Internal credit rating models and their components such as probability of default (PD), loss given default (LGD) and exposure at default (EAD) are used in limit setting, credit approval, portfolio monitoring and

reporting, remedial management, stress testing and assessment of capital adequacy and portfolio allowances.
The model risk management framework governs the development, validation, application and maintenance of rating models. Models are assessed against internal and regulatory requirements and approved by regulators for use in capital assessment. Approval for the adoption and continued use of material models rests with the RMC.

While our internal risk grades are not explicitly mapped to external credit ratings, they may correlate with external credit ratings in terms of the PD ranges because factors used to rate obligors are similar. As such, an obligor rated poorly by an external credit rating agency is likely to have a weak internal risk rating as well.

- IRB Models and Portfolios
  Table 4 describes the approaches used to estimate the key parameters for Advanced Internal Ratings Based (A-IRB) and Foundation Internal Ratings Based (F-IRB) credit risk models used to calculate CRWA.

Table 4: Key Components of Internal Ratings Based (IRB) Models

IRB Models and Portfolios	PD	LGD and EAD
A-IRB approach covers major retail portfolios such as residential mortgages, credit cards and small businesses lending	• PD is estimated based on the application and behaviour scores of obligors. • PD models are calibrated to reflect the expected long-run average one-year default rate over an economic cycle.	• Product and collateral characteristics are major factors. • LGD models are calibrated to reflect the economic loss under downturn conditions. • EAD models are calibrated to reflect the default-weighted average and economic downturn conditions.
F-IRB (Non-Supervisory Slotting) approach covers major wholesale portfolios such as banks, non-bank financial institutions, corporate real estate (including income producing real estate) and general corporates	• PD models are statistical based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and calibrated to reflect the expected long-run average one-year default rate over an economic cycle. • Expert judgement models based on inputs from internal credit experts are typically used for portfolios with low default rates.	• LGD and EAD are estimated based on rules prescribed in Bank Negara Malaysia (BNM) Risk-Weighted Capital Adequacy Framework (RWCAF).
F-IRB (Supervisory Slotting) approach covers other specialised lending portfolios such as project finance, object finance and commodities finance	• Risk grades derived from internal models are mapped to the five supervisory slotting categories prescribed in BNM RWCAF.	• LGD and EAD are estimated based on rules prescribed in BNM RWCAF.

Portfolio Reporting

- This includes internal and external reporting of portfolio risk information to respective stakeholders. These reports provide a better understanding of how the quality of our credit portfolio is evolving in response to the changing operating environment and downside risks. Regular risk reports covering detailed metrics for credit portfolio exposures, quality and concentrations by business segment are provided to Senior Management and Board for making timely and better-informed decisions.

Using insights from portfolio modelling and reporting, we allocate appropriate risk and financial resources such as funding and capital to support growth opportunities. We use these insights to set credit concentration limits to manage the potential risks from adverse changes in the operating environment. The design of these limits considers direct and indirect risk drivers, such as economic sector, industry and geographic location, collateral type or other credit risk mitigation.

Remedial Management

Processes are in place to foster early identification of vulnerable borrowers. The quality of our credit portfolios is proactively monitored and discussed at various credit risk forums. Action plans to remediate deteriorating trends are worked out and reviewed at such forums.

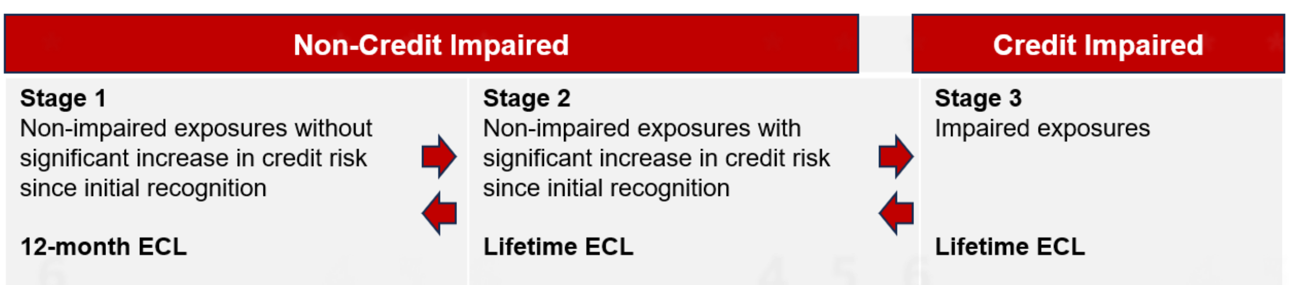
We classify our credit exposures as restructured assets when we grant non-commercial concessions to borrowers who are unable to meet their original repayment obligations. We further classify a restructured credit exposure into the appropriate impaired loans grade based on the assessment of the borrower's financial condition and ability to repay under the restructured terms. Such credit exposure must comply fully with the restructured terms before it can be restored to non-impaired status.

Dedicated remedial management units manage the restructuring, work-out and recovery of Impaired Loans (ILs) for wholesale portfolios. The objective is to rehabilitate ILs where possible or maximise recoveries for ILs that are on exit strategy. For the retail portfolios, we develop appropriate risk-based and time-based collection strategies to maximise recoveries. We use data such as delinquency buckets and adverse status tags for delinquent retail loans to constantly analyse, fine-tune and prioritise our collection efforts.

Impairment Allowances for Loans

We maintain sufficient impairment allowances to absorb credit losses inherent in our credit portfolio. Allowance for Expected Credit Losses (ECL) is recognised for credit impaired and non-credit impaired exposures in accordance with Malaysian Financial Reporting Standard (MFRS) 9 – Financial Instruments through a forward looking ECL model.

We assess our ECL allowances on a forward-looking basis, taking into account the three stages of credit risk below.



MARKET RISK MANAGEMENT

Market risks arise primarily from our trading, client servicing and balance sheet management activities. Given the volatile macroeconomic environment, it is paramount that the management of market risk is robust and timely. This is achieved through the market risk management approach involving the identification, measurement, monitoring, reporting and control of market risks.

Market Risk Management Approach
Market risk policies and procedures are established to provide common guidelines and standards for managing market risks. We regularly review our market risk management strategy and limits, which are established in accordance with our risk appetite and are aligned with our business strategies, taking into account prevailing macroeconomic and market conditions.

Market Risk
<u>Identification</u>

- Our internal approval processes ensure that market risk is properly identified and quantified, allowing us to manage and mitigate such risks.

<u>Measurements</u>

- Value-At-Risk
  Value-at-risk (VaR) is a key metric used to quantify market risk exposures arising from our trading activities. VaR is measured and monitored by its individual market risk components, namely interest rate risk, foreign exchange risk, equity risk, credit spread risk and commodity risk, as well as at the aggregate level. Our VaR model is based on the historical simulation approach, calibrated at the 99% confidence level and the one-day holding period. A 99% confidence level means that, statistically, losses on a single trading day may exceed VaR on average, once every 100 days.

- Other Risk Measures
  As interest rate movements are a key driver of our market risk exposure, Present Value of a Basis Point (PV01), which measures the change in value of interest rate-sensitive exposures resulting from one basis point increase across the entire yield curve, is an important measure that is monitored on a daily basis. Other than VaR and PV01, we use risk metrics such as notional positions, Profit & Loss (P&L) for One Basis Point Move in Credit Spreads (CS01) and other risk variables for specific exposure types.

<u>Stress Testing and Scenario Analysis</u>

- We perform stress testing and scenario analyses to assess and quantify potential losses from unlikely but plausible extreme market conditions. We regularly review and adjust the stress scenarios to ensure that their relevance to our trading portfolio activities and risk profile, as well as current and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within our risk tolerance. In addition to regular stress scenarios, we also use adhoc event-specific stress scenarios to assess the potential impact of specific market conditions on our market risk exposures.

<u>Risk Monitoring, Reporting and Control</u>

- Limits
  Trading units may only undertake authorised trading activities for approved products. All trading risk positions are monitored on a daily basis against approved and allocated limits. Trading activities are conducted within approved mandates and dynamically hedged to remain within limits. Hedge effectiveness is enforced through independent limit monitoring to ensure compliance with market risk limits. Limits are approved to reflect our risk appetite and manage the downside risks from trading opportunities, with clearly defined exception escalation procedures. We report exceptions, including temporary breaches, promptly to Senior Management and the Board. We also manage market risk exposure holistically by using multiple risk limits (VaR and risk sensitivities), P&L stop loss and other measures.

- Model Validation
  Model validation is an integral part of our risk control process. Financial models are used to price financial instruments and calculate VaR. We ensure that the models used are fit for their intended purpose through periodic independent verification and reviews. To enhance the integrity of the trading P&L and risk measures generated, we source market rates independently for risk measurement and valuation.

- Back-Testing
  To ensure the continued integrity of our VaR model, we back-test the VaR estimates against actual trading P&Ls and hypothetical P&Ls to confirm that the models do not underestimate our market risk exposures.

ASSET LIABILITY MANAGEMENT

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 risk management.

Asset Liability Management (ALM) Approach
The Group has an established ALM risk framework that oversees and manages the Liquidity and Interest Rate risk in the Banking Book (IRRBB) risk exposures. Asset Liability Management Committee (ALCO) provides stewardship, and regularly reviews our ALM risk profiles to ensure the management approach is in line with our business strategies and risk appetite, taking into account prevailing macroeconomic and market developments.

Liquidity Risk
The objective of liquidity risk management is to ensure that we continue to fulfil our financial obligations and can undertake new business, by effectively managing liquidity and funding risks within our risk appetite. Managing liquidity involves addressing funding needs through maintaining adequate and diversified sources of liquidity and balancing cost effectiveness.

Identification
- Liquidity risks arise from cashflow mismatches in maturing assets, liabilities and off-balance sheet items. Liquidity risks are identified by monitoring risk metrics and early warning indicators that signal potential liquidity risks stemming from market developments.

Measurements
- Liquidity risk is measured based on the cash flow mismatches arising from assets, liabilities and off-balance sheet items, projected on both contractual and behavioural bases under business-as-usual conditions and stressed market scenarios.
- Concentration and regulatory liquidity ratios measure the effective diversification of funding sources and ability to meet stressed liquidity conditions.

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

Stress Testing and Scenario Analysis
Stress testing is regularly conducted under a variety of regulatory, historical and market scenarios to assess the potential impact of market events on the Group's liquidity risk profile. The stress testing outcomes are applied to shape effective funding strategies, liquidity policies and contingency funding plans to minimise the impact of any liquidity crunch.

Interest Rate Risk in the Banking Book (IRRBB)

IRRBB refers to the current and prospective risk of interest rates to the Bank's capital and earnings. With a broad range of products spanning different interest rate structures, curves and maturities, the repricing profile of assets and liabilities can be mismatched. As interest rates and yield curves move, these mismatches may affect the Group's economic value and potentially lead to a decline in earnings. The primary goal of the management of IRRBB is to ensure that the impact of these events on our interest rate risk exposures are consistent with our risk appetite and maintained within defined risk tolerances.

Identification

- Interest rate risk varies with repricing periods, currencies, embedded options and interest rate bases. It arises from interest rate sensitive instruments which are:
  - Repricing at different times (gap risk)
  - Referencing different interest rate benchmarks (basis risks)
  - Possessing optionality with respect to timing of cashflows or interest rate reset under different circumstances (optionality risk).

Measurements

- The Group manages IRRBB using both earnings- and capital-based measures.
  - Net Interest Income (NII) sensitivity estimates the potential earnings impact under various interest rate shock scenarios, assuming the Group's balance sheet remains unchanged over the next one year. Interest rate caps and floors are applied in interest cashflow projections in line with contractual obligations and business practices.
  - Economic Value of Equity (EVE) sensitivity and present value of one basis point (PV01) simulate the potential impact of various interest rate shock scenarios on the Bank's capital. They are computed by discounting repricing cashflows, including commercial margins and spreads, using risk-free rates or a proxy for currencies without an active risk-free market rate.

The above measures take into account the impacts of loan prepayment and fixed deposit early redemption, estimated based on statistical analyses of historical customer behaviours, product features and market indicators. For non-maturity deposits which do not have explicit maturity or repricing dates, the repricing profile is determined by studying the elasticity of deposit rates to market interest rates and the volatility of deposit balances. These modelling assumptions are independently validated, reviewed and approved by ASC with notification to ALCO and consistently applied across public disclosure and internal risk monitoring.

Risk monitoring, reporting and control

- Interest rate risk positions and metrices are computed at least monthly and are comprehensively monitored against approved risk limits and triggers.
- Interest rate derivatives are commonly used as hedging instruments to manage IRRBB within risk limits. Hedge accounting is adopted where appropriate.

Stress Testing

Regular stress testing is performed to evaluate whether the Group's capital is sufficient to withstand the impact of extreme interest rate movements on the balance sheet. Such tests are performed across historical, hypothetical and regulatory interest rate shock scenarios as well as internal scenarios to assess the potential impact of adverse scenarios on the Group's financial condition. These assessments serve as critical inputs for shaping interest rate risk profiles and management strategies.

OPERATIONAL RISK MANAGEMENT

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

Operational Risk Management Approach
Our operational risk framework sets out the approach to managing and controlling the operational risks arising from the Group's business activities and operations. The framework is supported by various programmes to ensure preparedness and minimise the impact of any adverse event through timely response, recovery, and adaptability of Critical Business Services and Functions. Senior Management and Board receive regular updates on the operational risk profile, including operational risk events, key risk indicators, material issues and trends.

Strengthening our Operational Resilience
Operational Resilience refers to our ability to continue delivering critical banking services through disruptions. We recognise the heightened risk of business disruptions arising from operational failures and the importance of strengthening our operational resilience. We continue to anticipate and prevent potential operational risk events through robust risk management practices.

Our approach towards Operational Resilience leverages existing Operational Risk Management and Information Security and Digital Risk Management programmes. This proactively mitigates disruption risk by anticipating, preparing, responding, recovering and learning from events.

Key Components of Operational Resilience

<u>Business Continuity Management</u>
- We have in place a robust Business Continuity Management programme that identifies Critical Business Services and its related Service Recovery Time Objective. End-to-end dependency on processes, systems and resources required in the delivery of the business services are mapped out.
- Business Continuity Plans are established following Business Impact Analysis, where corresponding recovery strategies are planned based on identified service disruption scenarios
- Annual tests are conducted to validate that business continuity plans and recovery strategies are adequate and that target recovery time objectives can be met.

<u>Incident Response and Crisis Response</u>
- We have in place robust incident response procedures and crisis management processes to manage severe disruptive events.
- Crisis Management plans are regularly tested through simulation exercises, drills and participation in industry level exercises to enhance employees' and senior management's preparedness; as well as validate the effectiveness of established processes.
- We perform continuous monitoring of global security incidents that could impact the safety and security of our premises. Some examples include public disorder, crime, terrorism and natural hazards.

<u>Physical Security Risk Management</u>
- We have in place a robust physical security programme that provides the foundation for a safe and secured environment for customers and Bank's employees.
- Regular physical security risk assessments are conducted by in-house and external security professionals.
- We perform continuous monitoring of the evolving threat landscape, an example being physical risk due to climate change. Response plans are reviewed and adapted as required.
- Physical security penetration exercises are conducted periodically to ensure security personnel vigilance.

<u>Third-Party Risk Management</u>
- We have in place a robust third-party risk management programme to manage the risks of third-party arrangements.
- Third-party service providers are subjected to stringent onboarding process, ongoing monitoring and periodic due diligence assessment. This minimises any potential adverse impact on our operations.

Operational Resilience capabilities also encompass technology management, disaster recovery, information security and data recovery controls. Please refer to the Information Security and Digital Risk Management Section for more information.

Other Key Aspects of Operational Risk Management

New Product Review and Approval

- Each new product or channel undergoes a stringent review process, to identify and mitigate risks inherent in the product or channel. This ensures prudent allocation of resources and capital, compliance with regulatory requirements, and effective risk management to support sustainable business growth initiatives.

Conduct Risk

- We have in place a suite of programmes which includes the Material Risk Takers (MRT) and the Employee Conduct Triggers (ECT) programmes. These programmes seek to promote prudent risk taking and desired risk behaviour. They include appropriate incentive structures and regularly reviewed indicators related to various aspects of the employee code of conduct.

Fraud Risk

- We continuously enhance our fraud surveillance systems to adapt to evolving fraud and scam typologies, as well as changes in the regulatory landscape. Our transaction monitoring capabilities enable us to detect and alert customers to suspicious account activities, effectively preventing potentially fraudulent transactions from being completed.

Regulatory Risk

- We maintain strong vigilance over developments in the regulatory environment to proactively manage new, emerging, and potential compliance risk exposures. Through our regulatory change management process, we ensure all new regulations and regulatory changes are adequately assessed and timely implemented by the Bank to meet its regulatory obligations.

Anti-Money Laundering / Countering the Financing of Terrorism

- We have robust risk surveillance capabilities that leverage artificial intelligence (AI) and data analytics for dynamic monitoring and detection of suspicious networks, emerging financial crime trends and risk typologies.

Insurance Management

- We have in place financial lines insurance programmes, including the Bankers Blanket Bond and Professional Indemnity Programme, as well as the Directors and Officers Liability Insurance Programme, to cover key operational risks.

INFORMATION SECURITY AND DIGITAL RISK MANAGEMENT

Information security and digital risk is a business risk that comprises the risk domains of information, cyber and technology risks. Effective management of information security and digital risk is key to ensuring the confidentiality, integrity and availability of our information and critical systems. This minimises any material impact on our customers and businesses arising from unforeseen technology issues or cyber security events.

Information Security and Digital Risk Management Approach

Sound management of information security and digital risks continues to be a top priority as the Group continues its digital transformation efforts amidst the evolving cyber threat landscape, which is further intensified by factors such as malicious threat actors using generative AI for deepfakes and phishing as well as the increased risk of cyber-attacks associated with ongoing geopolitical conflicts.

Our information security and digital risk framework is supported by a robust set of policies, processes, and controls. It sets out a comprehensive approach to govern and manage associated risks. In addition, our enhancement programmes seek to continuously strengthen our overall technology and cyber resilience, enabling the Group to prepare for, respond to, and recover from any unforeseen IT disruption or cyber-attack. It encompasses regular assessments of key risk areas while considering various factors such as past incidents, regulatory requirements, and emerging threats. This risk-based approach enables the Bank to better prioritise enhancements and risk mitigation efforts on key hotspots. Additionally, Senior Management and the Board are regularly updated of risk profiles, key trends, and any incident with significant impact across group-wide entities.

Key Components of Information Security and Digital Risk Management

Governance and Oversight

- We have in place a defence-in-depth approach with multi-layered controls and processes implemented.
- We formulate, review and update ISDR framework and policies aligned with regulatory requirements and industry best practices
- We implemented ISDR key risk indicators (KRIs) and metrics specific to digital and cyber risk to track and manage our security posture effectively.
- We provide regular information, cyber and technology risk update to Information Security & Digital Risk Committee (ISDRC), CEO, Chief Risk Officer (CRO), and Risk Management Committee (RMC).
- Enhancement programmes are in place to strengthen existing resiliency measures so as to enable robust technology and cyber risk management across the Bank.
- We contributed as subject matter expertise in Corporate Risk Governance Committees to support Group's risk governance activities.

Risk Review and Risk Advisory

- We provide risk advisory services to Divisions on the adoption of new and emerging technologies.
- We provide oversight of key risk assessment and mitigation initiatives, review and endorsement for risk acceptance via ISDRC

Risk Assurance

- We conduct thematic assurance reviews to assess the effectiveness of controls specific to one or more risk themes.

Incident Response and Crisis Management

- The scale and severity of events with potential cyber security threats are assessed, as they could impact the Bank and result in data loss or service disruption. The Cyber Security Incident Response Team (CSIRT) is responsible for containing and eradicating the threat as well as perform recovery from the incident to mitigate the impact from disruption of essential financial services.
- We actively participate in regular cyber-related simulations (e.g., walkthrough of cyber incident and response) and crisis management exercises to continuously assess effectiveness of established processes and controls, as well as to enhance the preparedness of senior management.

Other Key Aspects of Information Security & Digital Risk Management

Information Security Capabilities

- We have data loss prevention (DLP) controls in place to minimise data loss events through web and email channels.
- Staff access to systems are granted on a need-to-know basis. Appropriate user roles and system accesses have been defined and regularly reviewed for relevance.
- We have implemented monitoring capabilities to detect potential abuse of authorised system accesses by staff.

Awareness & Vigilance Uplift & Testing Programmes

- We foster risk awareness culture by putting in place mandatory cyber and information security awareness training, regular risk awareness broadcasts and social engineering testing programmes for all employees and senior management.
- Group-wide Cyber Smart Programme is implemented to improve related knowledge, skills, and behaviours of employees, through gamification and seminars.
- Cyber Certification Pathway for selected employees are introduced to elevate the technical competency levels.
- We issue regular security advisories to raise customer awareness and vigilance on information security practices aimed at safeguarding their sensitive information.

Cyber and Network Security Insurance

- We have in place relevant cyber and network security insurance to cover damages that may result from specific cyber-attacks and technology disruption scenarios, including cyber extortion and business interruption losses caused by security breaches or system failures.

Collaboration with Regulators and Industry Partners

- We actively engage with regulatory agencies in Malaysia as well as the Financial Services Information Sharing and Analysis Centre (FS-ISAC), to exchange cyber threat intelligence.
- We contributed to industry committees and working groups, such as the AICB CISO forum, Association of Bank Malaysia (ABM), BNM's Cyber Resilience Workgroup (BNM CWG) and Paynet's Cyber Resilience Workgroup (Paynet CRWG), to share information security and digital risk-related updates.
- We participated in industry-level cyber exercises to enhance preparedness, improve incident response capabilities, and foster collaboration within the Group and with regulators.

SHARIAH GOVERNANCE

Overview

OCBC Al-Amin Bank Berhad (OABB) is governed under Islamic Financial Services Act 2013 (IFSA) which requires Islamic Financial Institutions (IFI) to ensure that its objectives, operations, business activities and affairs are compliant with Shariah principles, as guided by the rulings of the Shariah Advisory Council (SAC). BNM has established the Shariah Governance Framework (SGF) that sets out the expectations on an IFI's Shariah governance structures, processes and arrangements to ensure that all its operations and business activities are in accordance with Shariah principles. SGF also provides a comprehensive guidance to the board, Shariah Committee and management of the IFI in discharging its responsibilities concerning Shariah and outlines the functions relating to Shariah review, Shariah audit, Shariah risk management and Shariah research. In 2019, BNM issued the Shariah Governance Policy Document (SGPD), superseding SGF, that outlines strengthened regulatory expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the IFI. OABB has operationalized the SGPD requirements in its internal Shariah Governance Framework.

Shariah Risk Management

Shariah risk management is a systematic function that identifies, measures, monitors and reports Shariah non-compliance risks associated with the operations, business activities and affairs of OABB. Shariah non-compliance risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which OABB may suffer arising from failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia (SAC), standards on Shariah matters issued by BNM pursuant to section 29(1) of the IFSA, or decisions or advice of the OABB's Shariah Committee. The Shariah risk management function involves the following key activities:

(i) integrate Shariah non-compliance risk considerations with enterprise-wide risk management;
(ii) identify Shariah non-compliance risk exposures in the business operations and activities of OABB;
(iii) assess Shariah non-compliance risk and measure the potential impact of the risk exposures to OABB;

(iv) establish appropriate risk mitigation measures;
(v) monitor Shariah non-compliance risk exposures and effectiveness of the risk mitigation measures;
(vi) report to the Board, Shariah Committee and senior management on the Shariah non-compliance risk exposures; and
(vii) constructively challenge decisions that may give rise to Shariah non-compliance risks.

All potential Shariah Non-Compliance (SNC) events are initially assessed by the Shariah Review Department (SRD), which serves as the control function responsible for this assessment. The findings are then submitted to OABB's Shariah Committee for confirmation and decision-making regarding the status of potential SNC events and the treatment of any associated income. All confirmed potential and actual SNC events are reported to BNM within a stipulated timeframe.

To ensure robust oversight on SNC risk, periodic reports on this risk are submitted to the Risk Management Committee.

Note:
In this document, for whatever that is related to Islamic Banking, the following terms shall apply:

1. Risk Weighted Capital Adequacy Framework (RWCAF) also refers to Capital Adequacy Framework for Islamic Bank (CAFIB) (inclusive of Disclosure Requirements for Pillar 3 where applicable);
2. Loan also refers to Financing;
3. Borrower also refers to Customer;
4. Interest also refers to Profit;
5. Interest Rate also refers to Profit Rate;
6. Lending also refers to Financing.

Basel II Pillar 3 Market Disclosure

(OCBC Bank (M) Berhad Group – Position as at 31 December 2024)

The purpose of this disclosure is to provide the information in accordance with BNM Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Bank (CAFIB - Basel II) – Disclosure Requirements (Pillar 3) Guidelines. This supplements the disclosure in the Risk Management Chapter as well as related information in the Notes to the Financial Statements.

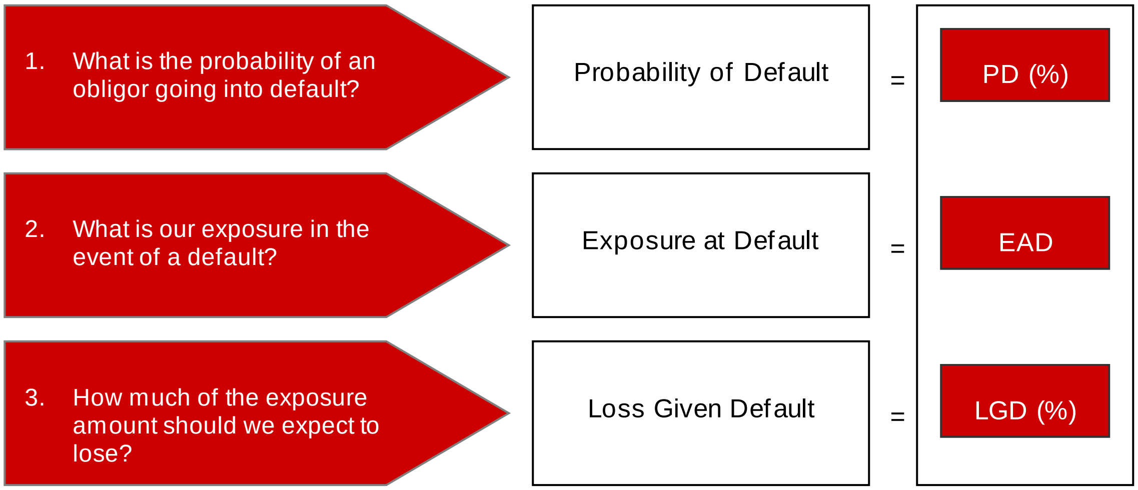
Exposures and Risk Weighted Assets (RWA) by Portfolio

	EAD[1] RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	819	551
Sovereign & Central Bank	19,254	264
Public Sector Entities	1,712	680
Retail	55	50
Equity	113	113
Securitisation	-	-
Others	658	449
Total Standardised	**22,611**	**2,107**
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	48,157	40,514
Bank	10,535	1,659
Advanced IRB		
Residential Mortgage	20,068	2,500
Qualifying Revolving Retail	1,906	433
Other Retail - Small Business	8,267	2,593
Specialised Lending under Supervisory Slotting Criteria	312	380
Total IRB	**89,245**	**48,079**
Total Credit Risk	**111,856**	**50,186**
Market Risk		
Standardised Approach		939
Amount Absorbed by PSIA		-
Total Market Risk		**939**
Operational Risk		
Standardised Approach[2]		6,379
Total Operational Risk		**6,379**
Total RWA		**57,504**

Note:
[1] EAD refers to exposure at default after credit risk mitigation
[2] OCBC Bank (M) Berhad Group and OCBC Bank (M) Berhad have adopted the Standardised Approach, while OCBC Al-Amin Bank Berhad is on the Basic Indicator Approach.

CREDIT RISK

With Basel II implementation, OCBC Bank (M) Berhad Group has adopted the Internal Ratings-Based (IRB) Approach for major credit portfolios, where 3 key parameters – Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) are used to quantify credit risk.



Credit Exposures under Standardised Approach

Credit exposures under standardised approach are mainly exposures to sovereign and central bank. Rated exposures relate mainly to sovereign and central bank while unrated exposures relate mainly to Islamic personal financing and other assets.

Risk Weight	EAD RM million
0%	19,902
20% - 35%	378
50% - 90%	612
100%	1,606
>100%	-
Total	**22,498**
Rated exposures	21,040
Unrated exposures	1,458

Note: Excludes Equity

Equity Exposures under Standardised Approach

Equity exposures for regulatory capital computation are risk weighted in accordance with BNM Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets Computation) under the standardised approach.

Equity Exposures under Standardised Approach

Risk Weight	EAD RM million
100%	113
200%	-
Total	**113**

Securitisation Exposures

There was no securitisation and re-securitisation exposure in the banking and trading books as at 31 December 2024.

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project and object financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	312	122%
Weak	-	-
Default	-	NA
Total	**312**	**122%**

Credit Exposures under Foundation Internal Ratings-Based Approach (F-IRBA)

Corporate exposures are mainly exposures to corporate and institutional customers, major non-bank financial institutions as well as financing of income-producing real estate. Bank exposures are mainly exposures to commercial banks.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	450	24%
> 0.05 to 0.5%	18,232	49%
> 0.5 to 2.5%	21,716	99%
> 2.5 to 9%	5,824	138%
> 9%	999	204%
Default	936	NA
Total	**48,157**	**84%**

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	4,984	13%
> 0.05 to 0.5%	5,516	18%
> 0.5 to 2.5%	34	67%
> 2.5 to 9%	-	-
> 9%	1	182%
Default	#	NA
Total	**10,535**	**16%**

"#" represents amount less than RM0.5 million

Credit Exposures under Advanced Internal Ratings-Based Approach (A-IRBA)

Residential Mortgages are loans to individuals secured by residential properties. Qualifying Revolving Retail exposures are credit card facilities to individuals. Other Retail – Small Business exposures include lending to small businesses and commercial property loans to individuals.

Residential Mortgages

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	RM million	RM million	LGD	Risk Weight
up to 0.5%	12,337	1,438	7%	5%
> 0.5 to 3%	5,795	201	10%	15%
> 3 to 10%	313	4	11%	46%
> 10%	971	7	11%	63%
100%	652	17	16%	44%
Total	**20,068**	**1,667**	**9%**	**12%**

Qualifying Revolving Retail Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,463	2,060	75%	10%
> 0.5 to 3%	318	199	59%	36%
> 3 to 10%	94	23	76%	128%
> 10%	27	6	76%	212%
100%	4	-	75%	-
Total	**1,906**	**2,288**	**73%**	**23%**

Other Retail - Small Business Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	RM million	RM million	LGD	Risk Weight
up to 0.5%	5,079	1,421	29%	15%
> 0.5 to 3%	2,099	95	34%	41%
> 3 to 10%	306	8	32%	52%
> 10%	562	35	35%	74%
100%	221	8	46%	168%
Total	**8,267**	**1,567**	**31%**	**31%**

Actual Loss and Expected Loss for Exposures under Foundation and Advanced IRB Approaches

Actual loss refers to net impairment loss allowance and direct write-off to the statement of profit or loss during the year. Expected loss (“EL”) represents model derived and/or regulatory prescribed estimates of future loss on potential defaults over a one-year time horizon. Comparison of the two measures has limitations because they are calculated using different methods. EL computations are based on LGD and EAD estimates that reflect downturn economic conditions and regulatory minimums, and PD estimates that reflect long run through-the-cycle approximation of default rates. Actual loss is based on accounting standards and represents the point-in-time impairment experience for the financial year.

Actual Loss and Expected Loss for Exposures under Foundation and Advanced IRB Approache

	Actual Loss for the 12 months ended 31 December 2024 RM million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2023 RM million
Corporate	(46)	321
Bank	-	3
Other Retail - Small Business	(6)	82
Retail	(27)	67
Total	**(79)**	**473**

Exposures Covered by Credit Risk Mitigation

	Eligible Financial Collateral RM million	Other Eligible Collateral RM million	Amount by which credit exposures have been reduced by eligible credit protection RM million
Standardised Approach			
Corporate	170	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entities	-	-	966
Retail	5	-	-
Others	120	-	-
Total	**295**	**-**	**966**
Foundation IRB Approach			
Corporate	837	9,160	268
Bank	430	-	-
Total	**1,267**	**9,160**	**268**

Note:
1. Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.
2. Does not include collateral for exposures under Advanced IRB Approach and Specialised Lending.

Counterparty Credit Risk Exposures

	RM million
Replacement Cost	828
Potential Future Exposure	1,806
Less: Effects of Netting	1,144
EAD under Current Exposure Method	**1,490**
Analysed by type:	
Foreign Exchange Contracts	953
Interest Rate Contracts	449
Equity Contracts	88
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	178
Net Derivatives Credit Exposure	**1,312**

Note: Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.

Credit Derivatives

	Notional Amount RM million	
	Bought	**Sold**
Credit Derivatives Swap		
for own credit portfolio	-	-
for intermediation activities	640	640
Total	**640**	**640**

Note: Credit derivatives for own credit portfolio include trading portfolio and hedges, if any.

MARKET RISK

Exposure, Risk Weighted Assets and Capital Requirement by Market Risk Type under Standardised Approach

	Gross Exposure		Risk Weighted	Min. Capital
	Long Position	Short Position	Assets	Requirement
	RM million	RM million	RM million	RM million
Interest Rate Risk	136	139	528	43
Foreign Currency Risk	41	168	168	13
Equity Risk	1	-	1	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	242	19
Total	**178**	**307**	**939**	**75**

EQUITY EXPOSURES

Equity exposures comprised investments in quoted and unquoted equity instruments.

Disclosures on accounting policy and fair value measurement of equity securities are the same with the audited financial statements for the financial year ended 31 December 2024.

Carrying Value of Equity Exposures

	RM million
Quoted equity exposure - Fair value through profit or loss ("FVTPL")	-
Unquoted equity exposure - Fair value through other comprehensive income ("FVOCI")	113
Quoted equity exposure - Associates	-
Unquoted equity exposure - Associates	-
Total	**113**

Realised and Unrealised Gains and Losses

	RM million
Gains/(losses) from disposal of equities	
Unrealised gains/(losses) included in fair value reserve	101
Total	**101**

Interest Rate Risk in Banking Book

Based on a 100 bps parallel rise in yield curves on the OCBCM's exposure to major currency i.e. Malaysian Ringgit and US Dollar, net interest income is estimated to increase by MYR180.5million, or approximately +9.7% of reported net interest income. The corresponding impact from a 100 bps decrease is an estimated reduction of MYR260.2 million in net interest income, or approximately -13.9% of reported net interest income.

Liquidity Coverage Ratio

OCBC Bank (M) Berhad Group is subjected to Liquidity Coverage Ratio ("LCR") requirements under the BNM Liquidity Coverage Ratio policy. As at 1 January 2019, the Group is required to maintain daily all-currency and Ringgit Malaysia ("MYR") LCR of at least 100% on an ongoing basis.

LCR aims to ensure that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets ('HQLA') that can be quickly and easily converted into cash to meet any liquidity needs for a 30-calendar day liquidity stress scenario.

The following annual disclosures are made pursuant to the BNM Liquidity Risk Policy Para 18.5, issued on 15 October 2024. As at 1 January 2025, the Group is required to publicly discloses its Liquidity Coverage Ratio as a simple average of either daily or monthly observations.

For year 2024, the daily average all-currency LCRs for the Group and Conventional entity were both 144%. Compared with 2023, the daily average all-currency LCR for Group decreased by 8 percentage points largely driven by an increase in Net Cash Outflows ("NCO"), partially offset by an increased in HQLA mainly from securities. Increase in NCO was mainly due to lower inflows from debt instruments and interbank placements, coupled with higher outflows from other contingent liabilities. The daily average all-currency LCR for Conventional entity decreased by 19 percentage points was due to the same drivers as those for the Group.

The Group continues to focus on acquiring stable deposits and on maintaining a mix of HQLA comprising mainly of Level 1 BNM placements and liquid sovereign bonds. The Asset & Liability Management Desk in Global Markets manages the day-to-day liquidity needs of the Group and entities and are subject to liquidity limits and triggers that serve as risk control on the Group's liquidity exposure.