

**OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Domiciled in Malaysia
Registered office:
19th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur

OCBC BANK (MALAYSIA) BERHAD
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DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group and the Bank is principally engaged in banking and related financial services. There has been no significant change in the nature of these activities during the financial year.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Directors regard Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), a licensed commercial bank incorporated in Singapore, as the immediate and ultimate holding company of the Bank during the financial year and until the date of this report.

SUBSIDIARY COMPANIES

The details of the Bank's subsidiary companies are disclosed in Note 13 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit for the year attributable to the owner of the Bank	<u>1,326,807</u>	<u>1,044,880</u>

SHARE CAPITAL AND DEBENTURES

There were no changes in the issued and paid-up share capital nor debentures issued by the Bank during the financial year other than those disclosed in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review other than those disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Bank paid:

- A final dividend of 91 sen per ordinary share totalling RM261,625,000 in respect of the financial year ended 31 December 2023 as reported in the Director's Report of that year, on 3 May 2024.
- An interim dividend of 148 sen per ordinary share totalling RM425,500,000 in respect of the financial period ended 30 June 2024, on 12 September 2024.

The Directors recommend a final dividend of 152 sen per ordinary share in respect of the current financial year amounting to RM437,000,000. This dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the subsequent financial period upon approval by the Board of Directors and shareholder of the Bank.

FINANCIAL PERFORMANCE

The Group recorded net profit of RM1,327 million for the financial year ended 31 December 2024; 19% higher than the previous financial year, mainly from better operating profit (+RM133 million) and lower credit loss allowances (+RM119 million) on the back of better impaired loans recoveries and prompt repayments as well as a significant reduced impaired loan base.

The Group's total operating income increase of 6% or RM193 million was attributed to better net interest income (+RM65 million), robust trading income (+RM61 million) as we captured market trends and volatility during the year, growth in income from Islamic banking operations (+RM38 million) and increased net fee and commission income (+RM36 million).

Customer loans and deposits grew modestly by 1.9% and 1.7% respectively from a year ago. Asset quality improved with impaired loans ratio lower at 2.1%

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FINANCIAL PERFORMANCE (continued)

The Group and the Bank remain well capitalised with Common Equity Tier 1 capital ratios of 15.559% and 13.308% respectively, after proposed dividends.

MARKET OUTLOOK

Malaysia's economy grew 5% in the fourth quarter of 2024. This was slower than the 5.4% Gross Domestic Product ("GDP") growth in the previous quarter, bringing overall growth for full year 2024 to 5.1%.

Malaysia's GDP is expected to expand by between 4.5% and 5.5% in 2025, driven by resilient domestic expenditure and household spending supported by employment and wage increases, including the upward revision of minimum wage and civil servant salaries. Robust expansion in investment activities, continued improvement in exports and higher tourist spending will continue to support Malaysia's economic growth.

The ringgit recorded an overall appreciation of 2.7% against the US dollar in 2024, as compared to the depreciation of most other Asian currencies. The narrowing interest rate differentials between Malaysia and the advanced economies is positive for the ringgit. The ringgit will continue to be supported by Malaysia's favourable economic prospects, domestic structural reforms and initiatives from the government and Bank Negara Malaysia ("BNM"). BNM's decision to maintain the Overnight Policy Rate at 3.00% indicates a supportive monetary policy stance. Banks in Malaysia are well-positioned to support the financing needs of the domestic economy, with robust capital and liquidity buffers as well as prudent provisioning practices.

We are committed to supporting our customers' transition to more sustainable solutions by delivering innovative and environmental, social and governance ("ESG")-centred products and services.

ACTIVITIES AND ACHIEVEMENTS

During the year, OCBC Bank (Malaysia) Berhad ("OCBC Malaysia") and its subsidiaries won several industry awards in recognition of our overall performance as a bank and for demonstrating excellence in particular fields. We were named "Bank of the Year for Malaysia" by The Banker for a second consecutive year, Malaysia's Best Employer 2023 by Kincentric, and Best Bank for Corporates (Malaysia) by Euromoney. Other awards included those in recognition of our roles in Islamic deal innovation, sustainable finance, sukuk, sustainability sukuk and Islamic acquisition financing. We were named Best Financial Partner, Top FI Partner (Commercial Financial Institution Category) and Top FI Partner (Islamic Financial Institution Category) by Credit Guarantee Corporation Malaysia Berhad for our commitment and support in providing small and medium-sized enterprises ("SMEs") with better access to financing through our financing products. We were also recognised as Malaysia's FX House of the Year by FX Markets Asia. In retail banking, we were recognised by several awarders for our outstanding and innovative online FX platform, including the Best FX Trading Platform award by Global Retail Banking. We were also bestowed the Best Credit Card for Instalments award for our OCBC CashFlo card by The Asian Banker Malaysia. In human resource development, we were recognised for our innovative initiatives and strategies for creating value and maintaining a competitive edge through excellence in cross-generational engagement, career development, talent mobility, skilling strategy and employee development.

OCBC Malaysia continued to implement our sustainability strategy and climate risk management programme in line with OCBC Group's ambitions to achieve Net Zero in financed emissions by 2050.

To this end, we established targets across investment banking and advisory, wholesale banking and emerging markets to onboard more sustainable financing with a focus on renewable energy, digital ecosystem including data centres and network connectivity, and green mobility including electric vehicles and charging infrastructure. With the Bank's localising decarbonisation targets for Power, Oil & Gas and Steel in Malaysia, we equipped our relationship managers with specialised knowledge on carbon capture, storage, and utilisation and BNM's Climate Change & Principles-based Taxonomy and renewable energy training via the Asian Banking School. Through the launch of the SME Energy Assessment tool ("SMEEA"), we now enable our SME clients to assess their energy footprints and qualify for sustainable and transition financing. To underline our commitment to sustainable finance, we participated in several significant forums and conferences as sponsor. OCBC Malaysia also continued efforts in energy efficiency including obtaining the highest-level Titanium+ certification by Green Climate Initiative for our data centre in Cyberjaya and winning Best Green Data Centre at the Malaysian Industry-Government Group for High Technology Awards 2024, while expanding solar installations at our branches and subscribing to TNB's Green Energy Tariff to power our operations.

Recognising the importance of climate risk mitigation, we implemented BNM's Climate Risk Management & Scenario Analysis action items and engaged with experts to jointly organise industry engagement on climate-related metrics and targets. In delivery of our sustainability commitments, we have prioritised capability building especially for relationship managers and risk managers through short courses and certification programmes including Sustainability and Climate Risk by Global Association of Risk Professionals and Certificate in Climate Risk by the Chartered Banker Institute, recording more than 15,000 training hours across all functions.

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ACTIVITIES AND ACHIEVEMENTS (continued)

In retail banking, we continued to dedicate ourselves to expanding our wealth management offerings and empowering our clients to grow and preserve their wealth in an ever-changing investment landscape. Our Premier and Premier Private Client ("PPC") services now include access for customers to a comprehensive suite of banking services across 76 Premier Centres throughout Southeast Asia. Clients enjoy numerous benefits, including complimentary ATM cash withdrawals, preferential exchange rates, and waived fees on telegraphic transfers to their overseas OCBC Bank accounts. Our continual investment in banking products and digital platforms ensures our customers enjoy a seamless banking experience. Looking ahead, we remain committed to enhancing our offerings and leveraging our regional strengths to meet the evolving needs of our clients.

We furthered our commitment to inclusive SME enablement by extending our solutions to customers seeking Shariah-compliant options. To enhance their access to financial services, we introduced two fully digital Islamic banking product offerings, the OCBC eBiz Account-i business banking account and the BizFinancing-i business financing facility. Designed for micro enterprises and young entrepreneurs who are looking to gain the greatest value from procedural simplicity, they feature a low barrier to entry along with digitally enabled convenience to unlock business finances.

In wholesale banking, we solidified our position as a key player in the financial services sector, making significant inroads into higher-growth industries such as healthcare and high-tech manufacturing. Our sustainable financing portfolio grew substantially as we tapped into opportunities in renewable energy, advanced manufacturing, and property development. We signed several Memorandum of Understandings aimed at expanding our services for Chinese customers and launched the SMEEA tool to assist SMEs in achieving their sustainability targets. By strengthening connectivity with local specialist associations and fostering regional collaboration, we seized opportunities to drive corridor growth, ultimately enhancing client engagement and driving profitability in a competitive landscape.

In our global markets practice, our innovative hedging strategies helped our clients navigate through a period that saw the ringgit at its weakest and strongest against the volatile US Dollar ("USD") in an uncertain interest rate environment. Our digital channels via the FX online platform and OCBC Mobile Banking app now allow our retail customers 24 hour accessibility. In the retail investment space, we continue to introduce new product additions of various asset classes and provide bespoke investment solutions to our PPC customers.

We upheld our leadership in delivering investment banking and sustainable finance solutions to domestic government-linked companies and top tier conglomerates, marked by several award-winning, high-profile transactions and two notable sustainability awards in 2024; the "Sustainable Infrastructure Award - Malaysia" by ESGBusiness Awards — marking our second consecutive win, and the "Sustainable Energy Financing (Foreign Bank category)" award at the National Energy Awards - which title was held for four consecutive years since this category was introduced in 2020. As a strong advocate of sustainability, we continue to actively drive innovation and spearhead initiatives to advance the sustainable finance market in Malaysia, encouraging the adoption of ESG best practices among our business partners. Our comprehensive, value-driven financing solutions play a pivotal role in supporting the still-nascent sustainability ecosystem in the local markets. In recognition, we received several "double green" accolades from The Asset and Euromoney which are amongst the most prestigious awards and accolades in the industry.

Prioritising the upskilling of our workforce in line with OCBC Group's sustainability agenda, we developed training modules focused on carbon neutrality, sustainable finance and community development. Training programmes were tailored to staff roles, with over 50% of relationship managers participating in sessions on customer engagement and industry-specific topics. We also engaged thought leaders through discussion. Our Grow Your Way learning festival placed particular emphasis on the importance of skills-first people growth and a culture of internal mobility. Harnessing the power of Artificial Intelligence, MOBI - representing agility, adaptability and mobility - became our AI career growth companion nationwide, offering a personalised and targeted approach to professional development with recommendations based on our colleagues' unique skillsets, interests and career aspirations.

For our early to mid career talents, we implemented a 9-month "MentorMe" mentoring programme to develop supportive relationships for mentees with experienced mentors and a learning culture to achieve personal and professional success. Since inception in 2020, over 100 mentor-mentee pairs have been formed. We also curated a variety of wellness-related programmes to care for all aspects of our employees' well-being – Financial, Physical, Mental, Family and Wellness at the Workplace.

Our corporate social responsibility efforts continued to thrive based on our three-pronged corporate, division and branch-level approach, benefitting over 150,000 people in need of our aid through the collective voluntary efforts of more than 90% of our staff. The various projects by the divisions and branches focused on sustainability and the environment, families, education, community and humanitarian work.

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RATINGS BY EXTERNAL AGENCY

RAM Rating Services Berhad ("RAM") affirmed OCBC Bank (Malaysia) Berhad's financial institution rating on 30 August 2024 at AAA/P1 with stable outlook, reflecting the Group's healthy credit metrics and established franchise.

DIRECTORS OF THE BANK

The Directors of the Bank who served during the financial year until the date of this report are:

George Lee Lap Wah
Ayesha Natchiar Binti Ally Maricar
Dato' Shamsuddin Bin Mohd Mahayidin (Appointed on 15 March 2024)
Helen Wong Pik Kuen
Janet Yap Seong Yong
Tan Ngiap Joo (Retired on 30 September 2024)

The Directors of the Bank's subsidiaries who served during the financial year until the date of this report are:

Ismail Bin Alowi
Mevin Nevis AF Nevis
Tan Fong Sang (Appointed on 2 January 2024)
Lee Kok Keng, Andrew (Resigned on 29 February 2024)
Gan Kok Kim
Syed Abdull Aziz Jailani Bin Syed Kechik
Tan Ai Chin
Chong Lee Ying
Lai Pai Leng
Tan Nee Nee
Khor Hei Ching (Appointed 9 January 2025)
Lee Siew Ling (Resigned on 9 January 2025)

In accordance with clauses 112 and 113 of the Bank's Constitution, Mr George Lee Lap Wah and Ms Janet Yap Seong Yong shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

PROFILE OF THE BOARD OF DIRECTORS

Mr George Lee Lap Wah, Independent Non-Executive Chairman

Mr George Lee Lap Wah was appointed as Chairman of the Board on 1 October 2024, having already served as a Board member since 1 September 2021. He is also Chairman of the Board of OCBC Al-Amin Bank Berhad. An experienced banker with extensive knowledge of the Malaysian market, he was an advisor to the Chief Executive Officer and Management Committee of OCBC Bank (Malaysia) Berhad from April 2016 to July 2017. Prior to that, Mr Lee served as an Executive Vice President and Head of Global Corporate Banking at OCBC Ltd from February 2012 until his retirement in April 2016. Before this, he served as Executive Vice President and Head of Group Investment Banking of OCBC since 2002.

Mr Lee started his career as a Finance Officer in the Group Treasury Department of Keppel Shipyard in 1978 and joined Marine Midland Bank in 1982. Subsequently, he held managerial positions at various Singapore-based merchant banking units. In 1989, he was appointed Country Manager of Security Pacific Bank before joining Credit Suisse Singapore as Head of Corporate Banking for South East Asia in 1993. He left as Director, Corporate Lending of Credit Suisse First Boston in 1998 to join OCBC.

Mr Lee is an Independent Director of Wearnes Starchase Ltd and Great Eastern Holdings Ltd. He holds a Bachelor of Business Administration (Honours) from the University of Singapore and is a qualified Chartered Financial Analyst. He is also a member of the SGX Disciplinary Committee.

Puan Ayesha Natchiar Binti Ally Maricar, Independent Non-Executive Director

Puan Ayesha Natchiar Binti Ally Maricar was appointed to the Board on 3 July 2023. She also serves on the Board of OCBC Al-Amin Bank Berhad. She was appointed Senior Independent Director on 1 October 2024, and currently serves as Chairman of the Board Audit Committee ("BAC") and the Risk Management Committee ("RMC"). A seasoned professional with over 40 years of experience in banking and financial services. Puan Ayesha was Senior Vice President and Chief Internal Auditor of OCBC Bank (Malaysia) Berhad from 1987 until her retirement in 2010. She has expertise in banking operations, risk management, credit and audit, along with a strong understanding of the regulatory environment governing the banking sector.

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PROFILE OF THE BOARD OF DIRECTORS (continued)

Puan Ayesha Natchiar Binti Ally Maricar, Independent Non-Executive Director (continued)

Puan Ayesha was an independent non-executive Director of Bank of America Malaysia Berhad from 2012 to 2021, where she served as Chairman of the Board Risk Committee. She also served as a Director of Merrill Lynch Malaysian Advisory Sdn Bhd from 2015 to 2024.

Puan Ayesha holds double degrees from the University of Singapore in Bachelor of Arts and Bachelor of Social Science degree (Honours). She has also attended the Senior Executive Management Programme at Cornell University, USA and holds a Certification in Islamic Law from the International Islamic University, Malaysia. She is a Certified Risk Professional and Certified Fraud Examiner, and is accredited in Internal Quality Assessment and Validation by the Institute of Internal Auditors, Inc (USA). She was a past Chairman of the Chief Internal Auditors Networking Group ("CIANG") and was a member of the CIANG Examination Committee for internal audit examinations.

Dato' Shamsuddin Bin Mohd Mahayidin, Independent Non-Executive Director

Dato' Shamsuddin Bin Mohd Mahayidin was appointed to the Board on 15 March 2024. During his 38 years tenure at BNM before retiring in March 2023, he was involved in various roles including those relating to the development of the financial market, international financial cooperation, policy formulation and investment operations. He has extensive experience in strategic management of support service operations, organisational governance, risk management relating to operational support services, procurement and sourcing strategy, process improvement, organisational transformation and change management. Dato' Shamsuddin was also previously an Adjunct Professor at University Malaysia Kelantan and served on the Advisory Panel for its Master's Degree Programme in Islamic Finance at the Faculty of Entrepreneurship and Business.

Dato' Shamsuddin is currently the Chairman of Deartime Berhad, a Director of Taps Management Sdn Bhd and Perbadanan Nasional Berhad (including one of its subsidiaries, Malaysia International Franchise Sdn Bhd), and a Public Interest Director at the Federation of Investment Managers Malaysia.

Dato' Shamsuddin holds a Bachelor's degree in Business Administration (Management System) from Lakehead University, Canada and a Master's degree in Business Administration from Manchester Business School, United Kingdom. He holds Adjunct Professorships at Taylor's University, DRB-Hicom University of Automotive Malaysia and University Putra Malaysia.

Ms Helen Wong Pik Kuen, Non-Independent Executive Director

Ms Helen Wong Pik Kuen was appointed to the Board on 15 April 2021. She is currently the Group Chief Executive Officer ("CEO") and Executive Director of OCBC Bank. She is also Chairman of OCBC China, a Board Commissioner of OCBC Indonesia, a Director of Bank of Singapore, Great Eastern Holdings Limited, OCBC Hong Kong and the Dr Goh Keng Swee Scholarship Fund. Ms Wong is currently a council member of the Association of Banks in Singapore ("ABS") and the Institute of Banking & Finance ("IBF") Singapore. She also serves as a Board member at Enterprise Singapore and the Institute of International Finance ("IIF"), and as a member of the Monetary Authority of Singapore ("MAS") Financial Centre Advisory Panel, MAS Payments Council and MAS Financial Sector Tripartite Committee.

Ms Wong joined OCBC Bank in February 2020 as Deputy President and Head of Global Wholesale Banking. She has more than 40 years of banking experience, having started out as a Management Trainee in OCBC Bank and was its first China Desk Manager, based at the Hong Kong Branch. She has vast experience in Greater China, covering a wide range of roles in capital markets, syndicated finance and corporate banking. Before returning to OCBC Bank, Ms Wong spent 27 years at HSBC, where her last role was as its Chief Executive for Greater China, which she was appointed to in 2015. She was appointed as the President and CEO of HSBC China based in Shanghai in 2010, prior to being promoted as Group General Manager in 2011 to recognise her responsibility for the business operations and strategic expansion in China.

Ms Wong holds a Bachelor of Social Sciences from the University of Hong Kong.

Ms Janet Yap Seong Yong, Independent Non-Executive Director

Ms Janet Yap Seong Yong was appointed to the Board on 1 April 2019. She was the Technology Managing Director and Corporate Social Responsibility ("CSR") Lead of Accenture Malaysia and has more than 32 years of experience in technology and management information consultancy covering various industries and geographies including Malaysia, Hong Kong, China, Thailand, Indonesia and Singapore, where she carved her niche in systems implementation and SAP consulting. From the time of her retirement from Accenture until June 2021, she was the CEO of Cancer Research Malaysia. She is presently a Director of PW PAC Sdn Bhd and Sun Life Malaysia Assurance Berhad.

Ms Yap holds a Bachelor of Arts with Double Majors in Computing & Information Science and Economics from University of Guelph, Ontario, Canada.

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DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The interests and deemed interests in the shares of the Bank and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of financial year (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Registrar of Directors' Shareholding are as follows:

Oversea-Chinese Banking Corporation Limited

Shareholdings registered in the name of Directors or in which Directors have a direct interest

	At 1 January 2024	Acquired/ Awarded	Disposed	At 31 December 2024
<u>Ordinary Shares</u>				
George Lee Lap Wah	85,143	-	-	85,143
Ayesha Natchiar Binti Ally Maricar	-	2,308	-	2,308
Helen Wong Pik Kuen	441,608	177,094	-	618,702
Tan Ngiap Joo (Retired on 30 September 2024)*	1,435,480	-	-	1,435,480

OCBC Deferred Share Plan and OCBC Employee Share Purchase Plan

	At 1 January 2024	Awarded/ Granted	Exercised/ Forfeited/ Lapsed	At 31 December 2024
<u>Ordinary Shares</u>				
Helen Wong Pik Kuen	578,330	369,506	(177,094)	770,742

* Tan Ngiap Joo's shareholdings as at the date of his retirement on 30 September 2024.

Other than the above, no other Directors in office held any interest in shares and options over shares of the Bank and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Bank or of related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in the Bank or any other body corporate except for the shares granted under the OCBC Deferred Share Plan which will vest three years from the grant date and will lapse when the Director ceases employment during the vesting period, and acquisition rights under the OCBC Employee Share Purchase Plan.

CORPORATE GOVERNANCE

Board Composition and Independence

The Board comprises five Directors, all of whom are Independent Non-Executive Directors except for Ms. Helen Wong Pik Kuen, the sole Non-Independent Executive Director. Mr Tan Ngiap Joo retired as an Independent Non-Executive Chairman with effect from 30 September 2024.

The Bank has set a policy on the tenure limit for Independent Directors at 9 continuous years. The Nominating & Remuneration Committee ("NRC") shall assess the independence of the Directors who have served the Bank continuously for 9 years or more. The NRC can invite the Independent Director to serve his or her tenure beyond 9 years if the NRC is satisfied, after the assessment, that the relevant Director's independence is not compromised and it is in the interest of the Bank to retain the service of the relevant Director in the same capacity.

The roles of the Chairman and the CEO are separated, which is consistent with the principles of corporate governance, as set out in BNM's Policy Document on Corporate Governance, to institute an appropriate balance of power and authority. The Chairman's responsibilities, to name a few, include leading the Board to ensure its effectiveness on all aspects of its role; setting its meeting agendas; ensuring that Directors receive accurate, timely and clear information; encouraging constructive relations between the Board and management; facilitating the effective contribution of Non-Executive Directors; and promoting high standards of corporate governance.

The members of the Board, as a group, provide skills and competencies to ensure the effectiveness of the Board. These include banking, accounting, finance, legal, strategy formulation, business acumen, management experience, familiarity with regulatory requirements, knowledge of risk management, technology and sustainability.

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CORPORATE GOVERNANCE (continued)

Board Composition and Independence (continued)

As a principle of good corporate governance, all Directors are subject to re-election or re-appointment (by rotation) pursuant to the Bank's Constitution and BNM's approval.

Some of the Directors are also members of the Board Audit Committee, the Nominating & Remuneration Committee and the Risk Management Committee. The Board is satisfied that the Directors have been able to devote adequate time and attention to fulfil their duties as Directors of the Bank, in addition to their representation at Board Committees.

Board Conduct and Responsibilities

The Board is elected by the shareholder to supervise the management of business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interests of the shareholder and other stakeholders.

Broadly, the responsibilities of the Board include, but are not limited, to the following:

- Review and approve overall business strategy developed and recommended by management.
- Ensure that decisions and investments are consistent with long-term strategic goals.
- Ensure that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board.
- Oversee, through the Board Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the Risk Management Committee, the quality of the risk management processes and systems.
- Review any transaction for the acquisition or disposal of assets that is material to the Bank.
- Provide oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards.
- Promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.

Prior to each meeting, members are provided with timely and adequate information to enable them to fulfil their responsibilities. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial reports, risk management reports, budgets, forecasts and reports of variance from budgets and forecasts.

The Board and the Board Audit Committee have separate and independent access to the internal auditors, external auditors, the Bank's senior management and the Bank's Company Secretary. The Directors may, in addition, seek independent professional advice at the Bank's expense as may be deemed appropriate.

Training and development is provided to the Directors, on a continuing basis, to develop and refresh their skills and knowledge to enable them to effectively perform their roles on the Board and its Committees. This, among others, includes updates on regulatory developments, new business and products, accounting and finance, corporate governance, risk management, cybersecurity and technology, sustainability and ESG which are provided by subject matter experts from within and outside the Bank. A separate programme is established for new Directors which focuses on introductory information, briefings by senior executives on their respective areas and external courses, where relevant.

Board Audit Committee ("BAC")

The BAC comprises Puan Ayesha Natchiar Binti Ally Maricar (appointed as BAC Chairman on 1 October 2024), Mr George Lee Lap Wah (redesignated as member on 1 October 2024) and Dato' Shamsuddin Bin Mohd Mahayidin (appointed as member on 1 October 2024); all of whom are Independent Directors. Mr Tan Ngiap Joo stepped down as a BAC member with effect from 30 September 2024 following his retirement from the Board.

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CORPORATE GOVERNANCE (continued)

Board Audit Committee (“BAC”) (continued)

The terms of reference of the BAC, approved by the Board, describe the responsibilities of its members. The BAC meets regularly, preferably not less than once in every three months or more often, as necessary. It has full access to and co-operation from management, and has the discretion to invite any Director and/or executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the Bank's financial statements, the BAC reviews, with the external and internal auditors, the adequacy of the system of internal controls including financial, operational and compliance controls. It reviews the audit scope and audit reports, assesses the effectiveness of external and internal audit functions as well as ensures the independence and objectivity of the external and internal auditors. When the external auditors provide non-audit services to the Bank, the BAC keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The BAC also reviews significant financial reporting issues and judgements to ensure the integrity of the financial statements.

The BAC meets at least once a year with the external and internal auditors in separate sessions and without the presence of management to consider any matters which might be raised privately. The BAC has received the requisite disclosures from the external auditors evidencing the latter's independence. It is satisfied that the financial, professional and business relationships between the Bank and the external auditors are compatible with maintaining the independence of the external auditors.

Internal Audit Function

The BAC approves the Audit Charter of Internal Audit and reviews the effectiveness of the internal audit function. In line with leading practice, Internal Audit's mission statement and charter require it to provide independent and objective assessments to help improve the quality and effectiveness of governance, risk management and internal control processes, and enable the Bank to accomplish its strategic objectives, using a risk-based, systematic and disciplined audit approach.

The scope of work of Internal Audit is to provide reasonable, but not absolute, assurance to the BAC and Senior Management that the Bank's governance, risk management and internal control processes, as designed and implemented by senior management, are adequate and effective.

Internal Audit also provides consulting or advisory services where the objective is to add value and improve an organisation's governance, risk management and control processes without Internal Audit assuming management responsibility.

Internal Audit also performs investigations into alleged staff misconduct or suspected internal frauds (involving staff), that may arise from a whistle-blow complaint or referred by Business Units. The primary objectives of the investigation are to conduct fact finding, review and assess the facts, gather evidence to substantiate an individual's involvement in an allegation, and identify root causes, so as to facilitate decision making and remedial actions by the necessary stakeholders to protect the interest of the Bank.

Internal Controls

The Bank has established an internal control policy to provide a solid foundation for building an effective internal control system and to help strengthen the control culture of the Bank. The policy outlines the key control objectives that are essential for internal control activities to remain focused. The policy is reviewed at least annually or as when required.

The Bank also has in place self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their internal controls, and their level of compliance with applicable rules and regulations. Senior management attests annually to the CEO and the Risk Management Committee (“RMC”) on the adequacy and effectiveness of the internal control system, as well as to report key control deficiencies and accompanying remedial plans.

The Bank also has in place a whistle blowing policy and an independent investigation process to investigate all whistleblowing reports based on investigation protocol which accords with the principles of fairness, independence and propriety.

Based on the internal controls established and maintained by the Bank, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the BAC and the RMC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective to address the risks which the Bank considers relevant and material to its operations.

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

CORPORATE GOVERNANCE (continued)

Internal Controls (continued)

The system of internal controls provides reasonable, but not absolute, assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Nominating & Remuneration Committee ("NRC")

The NRC comprises Ms Janet Yap Seong Yong (appointed as NRC Chairman on 1 October 2024), Mr George Lee Lap Wah (redesignated as member on 1 October 2024) and Puan Ayesha Natchiar Binti Ally Maricar (appointed as member on 1 October 2024); all of whom are Independent Directors.

The terms of reference of the NRC are approved by the Board. The NRC is entitled to secure the attendance of any person with relevant experience and expertise at committee meetings if the Committee considers this appropriate.

The NRC shall assess and recommend nominees for directorship, Board Committee membership and for the CEO position, including reappointment of Directors before an application is submitted to BNM for approval. The actual decision as to who shall be nominated shall be the responsibility of the full Board. The Committee shall oversee the annual review of the overall composition of the Board and Board balance, Directors' independence, competency and skills as well as the assessment to ensure that the Directors and key senior management officers are not disqualified under Section 59 of the Financial Services Act 2013. The annual performance evaluation process of the Board as a whole, the Board Committees as well as of the individual Directors was established with the endorsement of the Committee. The Committee oversees the appointment, management succession planning and performance evaluation of key senior management officers, including recommending to the Board the removal of key senior management officers if they are ineffective, errant and negligent in discharging their responsibilities.

The NRC may review the human resource management policies and make recommendations to the Board on policies governing the remuneration of the Executive Directors, including the CEO, and the Non-executive Directors. In considering its recommendations to the Board on the remuneration policies, the NRC shall take into consideration the feedback and inputs from the RMC. In addition, the NRC shall make recommendations to the Board on the remuneration, fee and benefits of the Directors as well as the compensation of the CEO. The NRC shall review and approve the compensation of executive officers of the Bank of any rank as may be delegated by the Board, including key senior management officers and Material Risk Takers.

Remuneration Policy

The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Group, and do not give rise to conflicts between the objectives of the Group and the interests of individual Directors and key executives.

The total compensation packages for employees comprise basic salary, variable performance bonus, allowances and deferred share awards for eligible executives, as well as benefits. Compensation is significantly differentiated between performance levels. Executives are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles. Compensation packages are linked to personal performance, the performance of organisational function as a whole and the overall performance of the Group. Compensation is tied to the achievement of business and performance objectives based on a balanced scorecard approach and adherence to core values. Where relevant, financial measures are adjusted as appropriate for the various types of risk (such as market, credit and operational risks) and include:

- Operating efficiency measures encompassing revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.
- Economic efficiency measures such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets used and the return on capital.
- Liquidity is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioural maturity of each type of asset and liability booked.

Each business unit has its own performance measures that match its functions and objectives that are consistent with the Group's risk appetite. In the determination of remuneration of senior executives, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing business performance. The performance of risk and compliance functions is measured independently of the businesses they oversee. Employees in these functions are assessed based on the achievement related to their respective performance measures.

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

CORPORATE GOVERNANCE (continued)

Remuneration Policy (continued)

In determining the composition of compensation packages, the Group takes into account the time horizon of risk and includes, in the total compensation for executives, a portion of deferred payment in the form of deferred shares. For senior management and officers entrusted with the effective implementation of Shariah governance in the business and operations of OCBC Al-Amin Bank Berhad, the Group shall also take into account the reinforcement of a risk culture that is in line with Shariah governance objectives.

The Group has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Group. This group ("Material Risk Takers") comprises certain members of senior management, employees of Managing Director 1 rank and above, senior control staff, employees who had been awarded high variable performance bonuses and supervisors of staff identified as Material Risk Taker.

The Group's remuneration policy requires Material Risk Takers to have 40% of their total variable compensation deferred as long term incentive, if the total variable compensation meets a minimum threshold. The long term incentive will be in the form of OCBC Bank deferred shares. Share awards under the OCBC Deferred Share Plan ("the Plan") are also granted annually to other eligible executives who are paid high variable performance bonuses. The share awards form 20% to 40% of their total variable performance bonus for the year.

Under the Plan, 50% of the share awards will vest after two years with the remaining 50% vesting at the end of the third year in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives are not accorded voting rights on the shares.

The amount of remuneration received by Directors during the financial year ended 31 December 2024 are as follows :

	Variable remuneration Cash Based Directors' Fees	
	Group RM'000	Bank RM'000
George Lee Lap Wah	401	336
Ayesha Natchiar Binti Ally Maricar	321	235
Janet Yap Seong Yong	217	217
Dato' Shamsuddin Bin Mohd Mahayidin (Appointed on 15 March 2024)	158	158
Tan Ngiap Joo (Retired on 30 September 2024)	600	394

Quantitative disclosure of the Group's and the Bank's key management and other Material Risk Personnel remuneration is disclosed in Note 29 to the financial statements.

All variable cash compensation and share grants of Material Risk Takers are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Group's risk profile/rating and/or the employee has committed a gross misconduct, fraud or breach of trust in relation to the Group.

The Group's and the Bank's compensation practices are reviewed annually by an independent party to ensure that it meets the Financial Stability Forum ("FSF") principles and implementation standards for Sound Compensation Practices, as well as regulatory requirements.

Risk Management Committee ("RMC")

The RMC comprises Puan Ayesha Natchiar Binti Ally Maricar (appointed as RMC Chairman on 1 October 2024), Mr George Lee Lap Wah (redesignated as member on 1 October 2024), Dato' Shamsuddin Bin Mohd Mahayidin and Ms Janet Yap Seong Yong; all of whom are Independent Directors. Mr Tan Ngiap Joo stepped down as a member with effect from 30 September 2024 following his retirement from the Board.

BNM had, on 8 February 2007, approved the delegation of approving authority of the Board of Directors pertaining to risk management matters to the RMC. The terms of reference of the RMC are approved by the Board. The RMC shall meet at least once every quarter. The RMC shall be entitled to secure the attendance of any person with relevant experience and expertise at committee meetings if the RMC considers this appropriate.

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

CORPORATE GOVERNANCE (continued)

Risk Management Committee ("RMC") (continued)

The RMC shall review and approve risk management strategies, policies and risk tolerance; review and assess the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk including ESG risks, technology and cybersecurity risks. The RMC shall ensure the infrastructure, resources and systems are in place for risk management; review management's periodic reports on risk exposure, risk portfolio composition and risk management activities and ensure compliance with OCBC Group's risk management strategies, policies and tolerance.

Management Information

All Directors review the Board and Board Committee reports prior to the Board and Board Committee meetings. Information and materials, duly endorsed by the CEO and the relevant functional heads, that are important to the Directors' understanding of the agenda items and related topics are distributed in advance of the meeting. These are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Bank provides information on business, financials and risks to the Directors on a regular basis as well as on an ad-hoc basis.

The Board and Board Committee reports include, amongst others, the following:

- Minutes of meetings of Board and Board Committees;
- Performance Report;
- Credit Risk Management Report;
- Asset Liability & Market Risk Report; and
- Operational Risk Management Report.

The Board provides input on the Bank's policies from the country perspective, in line with the prevailing regulatory framework, economic and business environment.

Directors' Attendance at Board and Board Committee Meetings in 2024

Name of Director	Attendance of Meetings Held			
	Board	Board Audit Committee	Nominating & Remuneration Committee	Risk Management Committee
George Lee Lap Wah	8 of 8	6 of 6	2 of 2	5 of 5
Ayesha Natchiar Binti Ally Maricar	8 of 8	6 of 6	1 of 1	5 of 5
Helen Wong Pik Kuen	8 of 8	-	-	-
Janet Yap Seong Yong	8 of 8	-	2 of 2	5 of 5
Dato' Shamsuddin Bin Mohd Mahayidin (Appointed on 15 March 2024)	5 of 5	2 of 2	-	3 of 3
Tan Ngiap Joo (Retired on 30 September 2024)	6 of 6	4 of 4	1 of 1	4 of 4

The Bank's Constitution provides for Directors to participate in the Board and Board Committee meetings by means of telephone conferencing, video conferencing or audio visual equipment.

COMPLIANCE WITH BNM'S EXPECTATIONS ON FINANCIAL REPORTING

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that BNM's expectations on financial reporting have been complied with, including those as set out in BNM's Guidelines and Policies on Financial Reporting, Capital Funds and Corporate Governance.

DIRECTORS' INDEMNITY

A Directors' and Officers' Liability Insurance has been entered into by the Group and the Bank for the financial year ended 31 December 2024. The policy provides appropriate cover for legal action brought against its Directors in accordance with qualifying third party indemnity provisions (as defined by Section 289 of the Companies Act 2016). During the financial year, the cost of this insurance effected for the Directors and Officers of the Group and the Bank amounted to RM117,654 and RM112,901 (2023: RM110,985 and RM106,501) respectively.

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that:

- all known bad debts and financing have been written off and adequate impairment allowance made for doubtful debts and financing, and
- any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances:

- that would render the amount written off for bad debts and financing or the amount of impairment allowance for doubtful debts and financing in the Group and the Bank inadequate to any substantial extent, or
- that would render the value attributed to the current assets in the financial statements of the Group and the Bank misleading, or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate, or
- not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and the Bank misleading.

At the date of this report, there does not exist:

- any charge on the assets of the Group and the Bank that have arisen since the end of the financial year and which secures the liabilities of any other person, or
- any contingent liability in respect of the Group or the Bank that has arisen since the end of the financial year, other than in the ordinary course of banking business.

No contingent liability or other liability of the Group and the Bank, other than those arising from the transactions made in the ordinary course of business of the Group and the Bank have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and the Bank for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, PricewaterhouseCoopers PLT, has expressed its willingness to accept re-appointment.

Auditors' remuneration for the Group and the Bank for the financial year is RM1,635,000 and RM1,296,000 respectively (2023: RM1,726,000 and RM1,359,000 respectively). Details of auditors' remuneration are set out in Note 28 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

GEORGE LEE LAP WAH
Chairman

AYESHA NATCHIAR BINTI ALLY MARICAR
Director

Kuala Lumpur, Malaysia
14 April 2025

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 20 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

GEORGE LEE LAP WAH
Chairman

AYESHA NATCHIAR BINTI ALLY MARICAR
Director

Kuala Lumpur, Malaysia
14 April 2025

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Teoh Yin Meng, the officer primarily responsible for the financial management of OCBC Bank (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 20 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TEOH YIN MENG

Subscribed and solemnly declared by the abovenamed, Teoh Yin Meng at Kuala Lumpur in Malaysia on 14 April 2025
before me:

Commissioner for Oaths

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF OCBC BANK (MALAYSIA) BERHAD

(Incorporated in Malaysia)
Registration No.199401009721 (295400-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of OCBC Bank (Malaysia) Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 20 to 145.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ 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 and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors’ report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors’ Report, but does not include the financial statements of the Group and of the Bank and our auditors’ report thereon.

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF OCBC BANK (MALAYSIA) BERHAD (CONTINUED)**

(Incorporated in Malaysia)

Registration No.199401009721 (295400-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank'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 the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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.

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF OCBC BANK (MALAYSIA) BERHAD (CONTINUED)**

(Incorporated in Malaysia)

Registration No.199401009721 (295400-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, 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.
- (b) 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 and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' 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 or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Registration No.199401009721 (295400-W)

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF OCBC BANK (MALAYSIA) BERHAD (CONTINUED)**

(Incorporated in Malaysia)

Registration No.199401009721 (295400-W)

OTHER MATTERS

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NG YEE LING
03032/01/2027 J
Chartered Accountant

Kuala Lumpur
14 April 2025

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Cash and cash equivalents	3	1,961,740	3,626,979	1,090,003	2,525,095
Deposits and placements with banks and other financial institutions	4	1,487,913	352,077	1,660,263	762,957
Investment account placements	5	-	-	7,721,835	5,095,182
Financial assets at fair value through profit or loss ("FVTPL")	6	2,269,618	1,879,059	2,269,618	1,874,038
Financial investments at fair value through other comprehensive income ("FVOCI")	7	26,848,944	22,355,331	22,452,420	18,923,924
Loans, advances and financing	8	68,291,628	66,811,358	51,432,876	52,044,617
Derivative financial assets	10	952,689	1,030,620	953,005	1,031,011
Other assets	11	476,952	475,752	475,896	630,343
Statutory deposits with Bank Negara Malaysia	12	915,095	1,054,595	718,595	869,595
Investments in subsidiaries	13	-	-	557,051	557,051
Property and equipment	14	136,771	134,250	134,791	131,536
Right-of-use ("ROU") assets	15	32,287	26,585	29,337	22,933
Tax recoverable		12,542	546	12,163	-
Deferred tax assets	16	234,546	203,940	205,315	174,440
Total assets		103,620,725	97,951,092	89,713,168	84,642,722
LIABILITIES					
Deposits from customers	17	76,772,644	75,501,096	65,405,360	64,078,587
Deposits and placements of banks and other financial institutions	18	9,569,743	4,713,152	9,521,649	4,686,535
Obligations on securities sold under repurchase agreements		479,675	1,408,500	85,946	1,408,500
Bills and acceptances payable		107,214	78,461	96,319	59,983
Derivative financial liabilities	10	909,559	894,368	909,230	895,137
Other liabilities	19	4,354,938	4,662,671	4,262,071	4,517,361
Tax payable and zakat		77,675	21,528	55,552	7,429
Subordinated bonds	20	1,050,000	1,050,000	1,050,000	1,050,000
Total liabilities		93,321,448	88,329,776	81,386,127	76,703,532
EQUITY					
Share capital	21	754,000	754,000	754,000	754,000
Reserves	22	9,545,277	8,867,316	7,573,041	7,185,190
Total equity		10,299,277	9,621,316	8,327,041	7,939,190
Total liabilities and equity		103,620,725	97,951,092	89,713,168	84,642,722
Commitments and contingencies	34	130,084,924	124,427,505	125,785,167	120,296,960

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

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income		3,614,243	3,433,427	3,837,404	3,569,775
Interest income for financial assets at FVTPL		103,196	63,794	103,196	63,794
Interest expense		(1,851,562)	(1,696,656)	(2,062,435)	(1,821,986)
Net interest income	23	1,865,877	1,800,565	1,878,165	1,811,583
Income from Islamic banking operations	24	576,253	537,938	-	-
Net fee and commission income	25	378,085	341,601	371,612	337,225
Net trading income	26	466,257	405,341	466,257	405,342
Other operating income	27	38,384	46,713	189,951	180,506
Operating income		3,324,856	3,132,158	2,905,985	2,734,656
Operating expenses	28	(1,525,637)	(1,465,623)	(1,458,842)	(1,398,271)
Operating profit before impairment allowances and provisions		1,799,219	1,666,535	1,447,143	1,336,385
Impairment allowances and provisions	30	(46,344)	(165,009)	(65,458)	(162,639)
Profit before income tax and zakat		1,752,875	1,501,526	1,381,685	1,173,746
Income tax expense	31	(426,018)	(384,220)	(336,805)	(307,112)
Zakat		(50)	(50)	-	-
Profit for the year		1,326,807	1,117,256	1,044,880	866,634
Items that will not be reclassified to profit or loss					
Change in fair value reserve (equity instruments)		844	3,078	844	3,078
Items that are or may be reclassified subsequently to profit or loss					
FVOCI reserve (debt instruments)					
- Change in fair value		52,275	183,933	39,795	156,356
- Amount transferred to profit or loss		(5,349)	(18,301)	(3,510)	(17,564)
- Related tax		(11,262)	(39,752)	(8,708)	(33,310)
Change in expected credit losses ("ECL") reserve on debt instruments at FVOCI		1,771	873	1,675	865
Other comprehensive income for the year		38,279	129,831	30,096	109,425
Total comprehensive income for the year		1,365,086	1,247,087	1,074,976	976,059
Profit attributable to owner of the Bank		1,326,807	1,117,256	1,044,880	866,634
Total comprehensive income attributable to owner of the Bank		1,365,086	1,247,087	1,074,976	976,059
Basic earnings per ordinary share (sen)	32	461.5	388.6	363.4	301.4

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

OCBC BANK (MALAYSIA) BERHAD
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

<u>Group</u>	Share capital RM'000	<i>Non-distributable</i>		Fair value reserve RM'000	<i>Distributable</i>	Total equity RM'000
		Regulatory reserve RM'000	ECL reserve RM'000		Retained earnings RM'000	
At 1 January 2024	754,000	600,000	1,544	76,360	8,189,412	9,621,316
Fair value reserve						
- Change in fair value	-	-	-	53,119	-	53,119
- Transferred to profit or loss	-	-	-	(5,349)	-	(5,349)
- Related tax	-	-	-	(11,262)	-	(11,262)
Change in ECL reserve	-	-	1,771	-	-	1,771
Total other comprehensive income for the year	-	-	1,771	36,508	-	38,279
Profit for the year	-	-	-	-	1,326,807	1,326,807
Total comprehensive income for the year	-	-	1,771	36,508	1,326,807	1,365,086
Contributions by and distributions to owner of the Bank						
Final 2023 ordinary dividend paid	-	-	-	-	(261,625)	(261,625)
Interim 2024 ordinary dividend paid	-	-	-	-	(425,500)	(425,500)
At 31 December 2024	754,000	600,000	3,315	112,868	8,829,094	10,299,277
At 1 January 2023	754,000	600,000	671	(52,598)	7,974,906	9,276,979
Fair value reserve						
- Change in fair value	-	-	-	187,011	-	187,011
- Transferred to profit or loss	-	-	-	(18,301)	-	(18,301)
- Related tax	-	-	-	(39,752)	-	(39,752)
Change in ECL reserve	-	-	873	-	-	873
Total other comprehensive income for the year	-	-	873	128,958	-	129,831
Profit for the year	-	-	-	-	1,117,256	1,117,256
Total comprehensive income for the year	-	-	873	128,958	1,117,256	1,247,087
Contributions by and distributions to owner of the Bank						
Final 2022 ordinary dividend paid	-	-	-	-	(434,125)	(434,125)
Interim 2023 ordinary dividend paid	-	-	-	-	(468,625)	(468,625)
At 31 December 2023	754,000	600,000	1,544	76,360	8,189,412	9,621,316

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

OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Share capital RM'000	Non-distributable		Distributable		Total equity RM'000
		Regulatory reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Bank						
At 1 January 2024	754,000	509,000	1,389	83,119	6,591,682	7,939,190
Fair value reserve						
- Change in fair value	-	-	-	40,639	-	40,639
- Transferred to profit or loss	-	-	-	(3,510)	-	(3,510)
- Related tax	-	-	-	(8,708)	-	(8,708)
Change in ECL reserve	-	-	1,675	-	-	1,675
Total other comprehensive income for the year	-	-	1,675	28,421	-	30,096
Profit for the year	-	-	-	-	1,044,880	1,044,880
Total comprehensive income for the year	-	-	1,675	28,421	1,044,880	1,074,976
Contributions by and distributions to owner of the Bank						
Final 2023 ordinary dividend paid	-	-	-	-	(261,625)	(261,625)
Interim 2024 ordinary dividend paid	-	-	-	-	(425,500)	(425,500)
At 31 December 2024	754,000	509,000	3,064	111,540	6,949,437	8,327,041
At 1 January 2023	754,000	509,000	524	(25,441)	6,627,798	7,865,881
Fair value reserve						
- Change in fair value	-	-	-	159,434	-	159,434
- Transferred to profit or loss	-	-	-	(17,564)	-	(17,564)
- Related tax	-	-	-	(33,310)	-	(33,310)
Change in ECL reserve	-	-	865	-	-	865
Total other comprehensive income for the year	-	-	865	108,560	-	109,425
Profit for the year	-	-	-	-	866,634	866,634
Total comprehensive income for the year	-	-	865	108,560	866,634	976,059
Contributions by and distributions to owner of the Bank						
Final 2022 ordinary dividend paid	-	-	-	-	(434,125)	(434,125)
Interim 2023 ordinary dividend paid	-	-	-	-	(468,625)	(468,625)
At 31 December 2023	754,000	509,000	1,389	83,119	6,591,682	7,939,190

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

OCBC BANK (MALAYSIA) BERHAD
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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities				
Profit before income tax and zakat	1,752,875	1,501,526	1,381,685	1,173,746
<i>Adjustments for:</i>				
Depreciation of property and equipment	18,459	20,370	17,467	19,303
Depreciation of right-of-use assets	14,057	13,014	12,543	11,515
Impairment allowances and provisions	170,197	236,554	166,048	215,667
Finance expense on lease liabilities	883	666	781	607
Net (gain)/loss on disposal of:				
- Financial investments at FVOCI	(5,349)	(18,301)	(3,510)	(17,564)
- Property and equipment	105	8	103	8
Share-based costs	13,009	15,067	12,574	14,673
Unrealised loss/(gain) on:				
- Financial assets at FVTPL	10,333	(1,588)	10,304	(1,605)
- Hedging derivatives	1,889	599	1,889	599
- Trading derivatives	112,661	(331,871)	111,668	(332,319)
Operating profit before changes in working capital	2,089,119	1,436,044	1,711,552	1,084,630
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(1,135,999)	1,511,566	(897,469)	1,344,689
Investment account placements	-	-	(2,612,369)	(1,989,660)
Financial assets at FVTPL	(400,892)	(1,311,373)	(405,884)	(1,311,374)
Loans, advances and financing	(1,634,924)	(2,749,966)	444,255	(683,169)
Other assets	(1,256)	(111,316)	154,396	(210,368)
Statutory deposits with Bank Negara Malaysia	139,500	(151,435)	151,000	(166,435)
Derivative financial assets and liabilities	(2,903)	46,179	(2,933)	46,651
Deposits from customers	1,271,548	(2,216,167)	1,326,773	(1,669,084)
Deposits and placements of banks and other financial institutions	4,856,591	(1,007,082)	4,835,114	(990,334)
Obligations on securities sold under repurchase agreements	(928,825)	1,408,500	(1,322,554)	1,408,500
Bills and acceptances payable	28,753	(35,825)	36,336	(42,546)
Other liabilities	(340,072)	540,174	(285,273)	523,962
Cash generated from/(used in) operations	3,940,640	(2,640,701)	3,132,944	(2,654,538)
Income tax and zakat paid	(423,785)	(487,371)	(340,428)	(421,726)
Net cash generated from/(used in) operating activities	3,516,855	(3,128,072)	2,792,516	(3,076,264)
Cash flows from investing activities				
Acquisition of financial investments at FVOCI	(29,050,399)	(33,301,201)	(23,240,399)	(27,357,411)
Acquisition of property and equipment	(20,995)	(20,650)	(20,735)	(19,970)
Dividends received from financial investments at FVOCI	599	599	599	599
Proceeds from disposal of financial investments at FVOCI	24,590,781	34,042,857	19,733,418	28,303,679
Proceeds from disposal of property and equipment	(90)	8	(90)	6
Net cash (used in)/generated from investing activities	(4,480,104)	721,613	(3,527,207)	926,903

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid to owner of the Bank	(687,125)	(902,750)	(687,125)	(902,750)
Payment of lease liabilities	(14,865)	(16,157)	(13,276)	(14,587)
Net cash used in financing activities	(701,990)	(918,907)	(700,401)	(917,337)
Net decrease in cash and cash equivalents	(1,665,239)	(3,325,366)	(1,435,092)	(3,066,698)
Cash and cash equivalents at 1 January	3,626,979	6,952,345	2,525,095	5,591,793
Cash and cash equivalents at 31 December	1,961,740	3,626,979	1,090,003	2,525,095

Details of cash and cash equivalents are disclosed in Note 3 to the financial statements.

OCBC BANK (MALAYSIA) BERHAD
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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

Changes in liabilities arising from financing activities

Group	At 1 January RM'000	Net Cash outflows RM'000	Acquisition of new leases RM'000	Finance cost RM'000	At 31 December RM'000
2024					
Subordinated bonds	1,050,000	-	-	-	1,050,000
Lease liabilities	22,580	(14,865)	19,759	883	28,357
Total liabilities from financing activities	1,072,580	(14,865)	19,759	883	1,078,357
2023					
Subordinated bonds	1,050,000	-	-	-	1,050,000
Lease liabilities	13,286	(16,157)	24,785	666	22,580
Total liabilities from financing activities	1,063,286	(16,157)	24,785	666	1,072,580
Bank					
2024					
Subordinated bonds	1,050,000	-	-	-	1,050,000
Lease liabilities	18,898	(13,276)	18,947	781	25,350
Total liabilities from financing activities	1,068,898	(13,276)	18,947	781	1,075,350
2023					
Subordinated bonds	1,050,000	-	-	-	1,050,000
Lease liabilities	11,205	(14,587)	21,673	607	18,898
Total liabilities from financing activities	1,061,205	(14,587)	21,673	607	1,068,898

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

OCBC BANK (MALAYSIA) BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024

GENERAL INFORMATION

The Bank is a limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 19th Floor, Menara OCBC, 18 Jalan Tun Perak, 50050 Kuala Lumpur.

The consolidated financial statements of the Bank as at and for the financial year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as the "Group").

The Bank is principally engaged in banking and related financial services, whilst its subsidiaries are principally engaged in the businesses of Islamic Banking, corporate finance and related advisory services and the provision of nominee services. There has been no significant change in the nature of these activities during the financial year.

The immediate and ultimate holding company of the Bank is Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), a licensed commercial bank incorporated in Singapore.

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2025.

1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for the assets and liabilities which are stated at fair value as disclosed in the notes to the financial statements: financial assets at FVTPL, financial investments at FVOCI and derivative financial instruments. The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information presented in RM have been rounded to the nearest thousand, unless otherwise stated.

(a) Statement of compliance

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, International Accounting Standards 34, the requirements of the Companies Act 2016 in Malaysia and BNM's Shariah requirements (operations of Islamic Banking).

The financial statements incorporate all activities relating to Islamic Banking which have been undertaken by the Group and the Bank in compliance with Shariah principles. Islamic Banking refers generally to the acceptance of deposits and granting of financing under Shariah principles.

The following amendments to accounting standards have been adopted by the Group and the Bank during the financial year:

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of liabilities as current or non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements*

The adoption of the abovementioned amendments to accounting standards did not have any material impact on the financial statements of the Group and the Bank.

The Group and the Bank have not adopted the following accounting standards and amendments issued by the Malaysian Accounting Standards Board ("MASB") as they are not yet effective:

Effective for annual periods commencing on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - The Classification and Measurement of Financial Instruments*
- Amendments to MFRS Accounting Standards which are part of Annual Improvements - Volume 11

OCBC BANK (MALAYSIA) BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The Group and the Bank have not adopted the following amendments to accounting standards issued by the MASB as they are not yet effective: (continued)

Effective for annual periods commencing on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Effective date to be announced by MASB

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to apply the abovementioned accounting standards and amendments when they become effective in the respective financial periods. The initial application of the abovementioned accounting standards and amendments is not expected to have any material impact to the financial statements of the Group and the Bank except as described below:

MFRS 18 is a new accounting standard for presentation and disclosure of information in the financial statements that replaces MFRS 101, *Presentation of Financial Statements*. The new accounting standard introduces a defined structure for the statement of profit or loss, which comprises new categories and subtotals. Income and expenses included in the statement of profit or loss are to be classified into three new distinct categories ie. operating, investing and financing, based on the main business activities of the entity; and the two new required subtotals are to enable analysis, ie. operating profit or loss and profit or loss before financing and income taxes. It also sets out new disclosure requirements of management-defined performance measures. Furthermore, MFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements.

The Group and the Bank plan to apply MFRS 18 from its mandatory effective date of 1 January 2027 and MFRS 18 will be applied retrospectively, whereby the comparative information for the financial year ending 31 December 2026 will be restated in accordance with the requirements of MFRS 18. The Group and the Bank are currently assessing the impact of MFRS 18 on presentation and disclosures in the Group's consolidated financial statements.

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements used in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

- (i) For fair value estimation for financial assets at fair value through profit or loss ("FVTPL") (Note 6), financial investments at fair value through other comprehensive income ("FVOCI") (Note 7) and derivative financial assets and liabilities (Note 10), fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations.

For financial instruments which are not traded in an active market (for example, over-the-counter derivatives), the fair value is determined using valuation techniques, which include the use of mathematical models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Where possible, assumptions and inputs used on valuation techniques include observable data such as risk-free and benchmark discount rates and credit spreads.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

1 BASIS OF PREPARATION (continued)

(b) Use of estimates and judgements (continued)

Where observable market data is not available, judgement is required in the determination of model input, which normally incorporates assumptions that other market participants would use in their valuations, including assumptions about interest/profit rate yield curves, exchange rates, volatilities and prepayment and default rates.

Judgement is also required in assessing the impairment of financial investments at FVOCI as the Group and the Bank evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flows.

(ii) Impairment of financial assets

In determining whether the credit risk of the Group's and the Bank's financial exposures have increased significantly since initial recognition, the Group and the Bank will consider reasonable and supportable information that is readily available without undue cost or effort. This includes both quantitative and qualitative information such as the Group's historical credit assessment experience and available forward-looking information.

Expected credit losses ("ECL") estimates are produced for all relevant instruments based on probability-weighted forward-looking economic scenarios. The measurement of ECL is primarily calculated based on the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). These are parameters derived from internal rating models after adjusting them to be unbiased and forward-looking. Where internal rating models are not available, such estimates are based on comparable internal rating models after adjusting for portfolio differences.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience. The underlying models and their calibration, including how they react to forward-looking economic conditions, are subject to continuous review and refinement. The assumptions and judgements used by management may affect impairment allowances computed.

The significant accounting estimates impacted by these uncertainties relate mainly to impairment of financial assets, as follows:

Allowances for non-credit impaired loans to customers

The forward-looking scenarios used in the ECL model have been updated to reflect the latest available macroeconomic view of recovery in 2024 onwards. However, post-model adjustment continue to be applied during the year to account for the estimated impact of continued economic uncertainties not reflected in the modelled outcome.

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 potential impact from economic uncertainties, where applicable.

The Group's and the Bank's allowances for financial assets are disclosed in Note 9 and Note 30.

(iii) Management judgement is required for estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome is not determined until a later date. For deferred tax, management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

OCBC BANK (MALAYSIA) BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements.

A Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Bank's statement of financial position at cost less any impairment allowances, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(b) Business combinations

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

Business combinations are recognised at the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the difference above is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(c) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(d) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group is accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated.

OCBC BANK (MALAYSIA) BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

A Basis of consolidation (continued)

(d) Acquisitions of entities under common control (continued)

The assets and liabilities acquired are recognised at the carrying amount 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 Group equity and any resulting gain or loss is recognised directly in equity.

(e) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

B Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia ("RM"), which is the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the Foreign Currency Translation Reserve ("FCTR") in equity.

C Financial instruments

(a) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issuance.

OCBC BANK (MALAYSIA) BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

C Financial instruments (continued)

(a) Recognition and initial measurement (continued)

The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of MFRS 9.
- the host contract is not itself carried at FVTPL.
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract.
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

(b) Financial instrument categories and subsequent measurement

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Financial assets

The categories of financial assets are as follows:

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model which objective is to hold assets to collect contractual cash flows and which contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and are not designated as FVTPL.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest/profit method. The amortised cost is reduced by impairment allowances, if any. Interest/finance income, foreign exchange gains and losses and impairment allowances are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest/finance income is recognised by applying effective interest/profit rate to the gross carrying amount except for credit-impaired financial assets (see Note 2K(a)) where the effective interest/profit rate is applied to the amortised cost.

Financing and advances consist of sales based contracts (Bai' Inah, Bai' Bithaman Ajil, Tawarruq, Murabahah and Bai' Dayn), leased based contracts (Ijarah Thumma Al-Bai, Ijarah and Ijarah Muntahiah Bi Al-Tamlik), equity based contracts (Musharakah Mutanaqisah) and other contracts (Wakalah and Qard). The core business is in providing financing to customers and not leasing. Lease-based financing contracts are recognised accordingly as financial instruments under MFRS 9. Except for Ijarah financing, assets funded under Ijarah Thumma Al-Bai and Ijarah Muntahiah Bi Al-Tamlik contracts are owned by the Group throughout the tenure of the financing and ownership of the assets will be transferred to the customer at the end of the financing.

(ii) Fair value through other comprehensive income ("FVOCI")

Debt investments

FVOCI category comprises debt investments that are held within a business model which objective is achieved by both collecting contractual cash flows and selling the debt investments, and which contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and are not designated as FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

C Financial instruments (continued)

(b) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

The categories of financial assets are as follows: (continued)

(ii) Fair value through other comprehensive income ("FVOCI") (continued)

Debt investments (continued)

Interest/finance income calculated using the effective interest/profit rate method, foreign exchange gains and losses and impairment allowances are recognised in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Debt instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest/finance income.

Interest/finance income is recognised by applying effective interest/profit rate to the gross carrying amount except for credit-impaired financial assets (see Note 2K(a)) where the effective interest/profit rate is applied to the amortised cost.

Equity investments

This category comprises investments in equity that are not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. These include derivative financial assets (except for derivatives that are designated as effective hedging instruments). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest/finance or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment (see Note 2G(a)).

Financial liabilities

At the end of the reporting year, there are no non-derivative financial liabilities categorised as FVTPL.

All financial liabilities are subsequently measured at amortised cost, other than those categorised as FVTPL.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

C Financial instruments (continued)

(b) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

FVTPL category comprises financial liabilities that are derivatives (except for derivatives that are financial guarantee contracts or designated as effective hedging instruments) or that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments which fair values cannot otherwise be reliably measured are measured at cost.

Where derivatives are embedded in the host contract (eg. structured investments), the embedded derivatives are required to be separated and accounted as a derivative and the host contract at amortised cost (in Other Liabilities) if the economic risks and characteristics of the embedded derivatives are not closely related to the economic risks and characteristics of the host contract. Separate accounting is not required if the combined instrument is fair valued with changes in fair value recognised in profit or loss.

Financial liabilities categorised as FVTPL are measured at their fair values with the gain or loss recognised in profit or loss.

(c) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

In the ordinary course of business, the Group gives financial guarantees consisting of letters of credit, guarantees and acceptances.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- the amount of the loss allowance.
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other allowances.

(d) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract which terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using settlement date accounting. Settlement date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the settlement date.
- the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for a payment on the settlement date.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

C Financial instruments (continued)

(e) Hedge accounting

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(i) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group has elected to present subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at FVOCI, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in FVOCI, those amounts shall remain in other comprehensive income.

When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In cash flow hedge, the portion of the gain or loss on the hedging instruments that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

C Financial instruments (continued)

(e) Hedge accounting (continued)

(ii) Cash flow hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(f) Derivatives

Derivatives are categorised as trading unless they are designated as hedging instruments.

Financial derivatives include forward contracts for the purchase and sale of foreign currencies, interest/profit rate and currency swaps, financial futures and option contracts. These instruments allow the Group and its customers to transfer, modify or reduce their foreign exchange and interest/rate of return risks.

All derivative financial instruments are recognised at inception on the statement of financial position (including transaction costs), which are normally zero or negligible at inception at fair value, and subsequent changes in fair value as a result of fluctuation in market interest/profit rates or foreign exchange rates are recorded as assets when fair value is positive and as liabilities when fair value is negative.

When the Group enters into derivatives for trading purposes, realised and unrealised gains and losses are recognised in trading income. Observable market data are used to determine the fair values of derivatives held-for-trading. Valuations are either based on quoted price or valuation technique. Where mid prices are used, a bid-offer spread adjustment will be made to ensure that all long positions are marked to bid prices and short positions to offer prices.

(g) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

C Financial instruments (continued)

(h) Modification

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual cash flows of the financial asset. Financial assets that are renegotiated or otherwise modified will be accounted based on the nature and extent of changes that is expected to arise as a result of the modification or renegotiation.

(i) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expense are presented on a net basis only when permitted by the accounting standards. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

D Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment allowance.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within "other operating income" in profit or loss.

(b) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

D Property and equipment (continued)

(c) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated as it has indefinite life. Property and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings on freehold land 50 years
- Leasehold land and buildings 50 years or remaining life of the lease, whichever is shorter
- Office equipment and furniture 3-5 years
- Computer equipment and software 3-8 years
- Motor vehicles 5 years
- Renovation 8 years or remaining lease term, whichever is shorter

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

E Leases

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group evaluates whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then there is no identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset, ie. when the Group has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, the Group will account for the lease and non-lease components as a single lease component.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

E Leases (continued)

(b) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payment included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the Group is reasonably certain to exercise.
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognise ROU assets and lease liabilities for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines, at the lease inception, whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(c) Subsequent measurement

As a lessee

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as property and equipment. In addition, the ROU is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest/profit rate method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a revision of in-substance fixed lease payments or a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

E Leases (continued)

(c) Subsequent measurement (continued)

As a lessee (continued)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

F Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and central banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of one month or less.

Cash and cash equivalents are categorised and measured as amortised cost in accordance with Note 2(C)(b)(i).

G Impairment

(a) Financial assets

The Group recognises impairment allowances for ECL on financial assets measured at amortised cost, financial investments measured at FVOCI and most off-balance sheet loan commitments and financial guarantees.

(i) ECL impairment model

Under MFRS 9, impairment allowances on the aforesaid financial assets are measured on each reporting date according to a three-stage ECL impairment model:

- Stage 1: On initial recognition, ECL will be that resulting from default events that are possible over the next 12 months (12-month ECL).
- Stage 2: Following a significant increase in credit risk of the financial assets since its initial recognition, the credit loss allowance will be that which results from all possible default events over the expected life of the asset (Lifetime ECL non credit-impaired). See details in Note 2G(a)(iii).
- Stage 3: When a financial asset exhibits objective evidence of impairment and is considered credit-impaired, its loss allowance will be the full lifetime ECL (credit-impaired).

Loans/Financing are written off against impairment allowances when all feasible recovery actions have been exhausted or when the recovery prospects are considered remote.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

G Impairment (continued)

(a) Financial assets (continued)

(ii) Measurement

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are non credit-impaired at the reporting date: At the present value of all cash shortfalls, being the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.
- Financial assets that are credit-impaired at the reporting date: At the difference between the gross carrying amount and the present value of estimated future cash flows.
- Undrawn loan commitments: At the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts: The expected payments to reimburse the holder less any amounts that the Group expects to recover.

Stage 1 and Stage 2 ECL computation is modelled and estimated based on four macroeconomic scenarios that are most closely correlated with credit losses in the relevant portfolio. The four macroeconomic scenarios comprise a most likely "Base" outcome and three other less likely scenarios consisting of one "Upside" and two "Downside" scenarios. These scenarios are probability-weighted and underlying key macroeconomic assumptions are based on a combination of independent external and in-house views. The assumptions are subject to regular management reviews to reflect current economic situations. Stage 3 ECL is quantified based on the recovery strategy adopted, where the Group takes into account other factors including forward looking scenarios, market conditions and credit risk mitigants.

(iii) Movement between stages

Movement between Stage 1 and Stage 2 classification are based on whether an instrument's credit risk as at the reporting date has increased significantly since its initial recognition.

In accordance with MFRS 9, financial assets are classified in Stage 2 when there is a significant increase in credit risk since initial recognition, and impairment allowance will be measured using lifetime ECL.

The Group considers both qualitative and quantitative parameters in the assessment of significant increase in credit risk. These include the following:

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

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

The Group is also guided by BNM's policy document on Financial Reporting whereby a credit facility is classified as credit-impaired if it is past due for more than 3 months or where the amount is past due for less than 3 months but exhibits weakness in accordance with the Group's internal credit risk assessment. In addition, where repayments are scheduled on intervals of 3 months or longer, the credit facility is classified as credit-impaired as soon as default occurs.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

G Impairment (continued)

(a) Financial assets (continued)

(iii) Movement between stages (continued)

The assessments for 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 migrated 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. Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired. For credit-impaired portfolio, Stage 3 ECL is assessed individually and measured as described in Note 40 of the financial statements.

(iv) Regulatory framework

Under BNM's policy document on Financial Reporting, the Group must maintain, in aggregate, impairment allowance for non credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of impairment allowance for credit impaired exposures.

(b) Other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment allowance is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment allowance recognised in respect of cash-generating units is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment allowance recognised in prior periods is assessed at the end of each reporting date for any indication that the loss has decreased or no longer exists. An impairment allowance is reversed if there is a change in the estimates used to determine the recoverable amount since the last impairment allowance was recognised. An impairment allowance is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment allowance had been recognised. Reversals of impairment allowance are credited to profit or loss in the financial year in which the reversals are recognised.

H Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

Ordinary shares are classified as equity.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

H Equity instruments (continued)

Interim dividend on ordinary shares is recorded in the financial year in which it is declared payable by the Board of Directors. Final dividend is recorded in the financial year when the dividend is approved at the annual general meeting. Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument are recognised directly in equity.

I Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, paid annual leave and sick leave, variable cash performance bonus and non-monetary benefits are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated as at the end of the reporting period.

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once contributions have been paid, the Group has no further payment obligations.

(b) Share-based payment transactions

(i) OCBC Deferred Share Plan ("DSP")

Under the DSP, shares of the immediate and ultimate holding company of the Bank, Oversea-Chinese Banking Corporation Limited ("OCBC Ltd"), are awarded to eligible executives. A trust is set up to administer the shares purchased under the DSP. 50% of the share awards will vest after two years with the remaining 50% vesting at the end of the third year in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives will not be accorded voting rights on the shares. The awards will lapse immediately on the termination of employment, except in the event of retirement, redundancy, death, or where approved by the relevant approving authorities at OCBC Ltd whom may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined.

(ii) OCBC Share Option Scheme 2001 ("ESOS")

Under the ESOS, shares of OCBC Ltd are offered to executives of the rank of Manager and above, including Non-Executive Directors. Options granted are exercisable for a period commencing after the 1st anniversary and expire on the 10th anniversary of the respective dates of grant except for options granted to Non-executive Directors which are exercisable up to 5 years. One-third of the share options granted will vest each financial year after the 1st anniversary of the respective dates of grant and fully vested after the 3rd anniversary. OCBC Ltd ceased granting share options under the ESOS effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by recipients.

(iii) OCBC Employee Share Purchase Plan ("ESPP")

The ESPP is a savings-based share ownership plan that allows eligible employees to participate in shares of OCBC Ltd by making monthly contributions to the ESPP and interest accrued at a preferential rate determined by the OCBC Ltd's Remuneration Committee. The Committee will fix the offering period and acquisition price for the new ordinary shares to be issued under the ESPP.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

I Employee benefits (continued)

(b) Share-based payment transactions (continued)

(iii) OCBC Employee Share Purchase Plan (“ESPP”) (continued)

Equity instruments granted are recognised as expense in profit or loss 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, based on the recharge by the immediate and ultimate holding company. At each reporting date, the Group revises the 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 profit or loss over the remaining vesting period. A liability is recognised based on the recharge by the immediate and ultimate holding company of the Bank over the vesting period. The Group accrues for interest/profit on the monthly contributions made by employees to the savings-based ESPP. Further details of the equity compensation benefits are disclosed in Note 19(b) to the financial statements.

J Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

K Income and expenses

(a) Interest/finance income and interest/finance expense

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

The effective interest/finance 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.

Finance income for sale-based contracts (Bai' Inah, Bai' Bithaman Ajil, Tawarruq, Murabahah and Bai' Dayn) are recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding.

Finance income for lease-based contracts (Ijarah Thumma Al-Bai, Ijarah and Ijarah Muntahiah Bi Al-Tamlik) are recognised on effective profit rate basis over the lease term.

Finance income for equity-based contracts (Musharakah Mutanaqisah and Mudharabah) are recognised on the basis of the reducing balance on a time-apportioned basis that reflects the effective yield on the asset.

(b) Fee and commission income

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.

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2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

K Income and expenses (continued)

(c) Net trading income

Net trading income comprises gains and losses from changes in financial assets at FVTPL and trading derivatives, gains and losses on foreign exchange trading and other trading activities.

(d) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(e) Rental income

Rental income is recognised in profit or loss 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.

(f) Other income

Pursuant to BNM's Guidelines on Late Payment Charges for Islamic Banking Institutions, the Group recognises all late penalty income arising from Islamic banking under income from Islamic banking operations in profit or loss.

L Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss. 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 end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies set out below have been applied consistently by the Group to the periods presented in these financial statements. (continued)

M Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit or loss attributable to the ordinary shareholder of the Bank less preference shares dividend by the weighted average number of ordinary shares outstanding during the period.

N Restricted profit sharing investment accounts (“RPSIA”)

The RPSIA used to fund specific financing follow the principle of Mudharabah which states that profits will be shared with the Group entity as mudarib and losses borne by depositors.

O Contingencies

(a) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, which existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(b) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not being wholly within the control of the Group, the asset is not recognised in the statement of financial position but is disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

P Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Q Zakat contribution

Zakat represents business zakat payable by the Group to comply with the principles of Shariah and as approved by the Shariah Committee. The Group only pays zakat on its business and does not pay zakat on behalf of depositors or shareholder.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**3 CASH AND CASH EQUIVALENTS**

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	676,688	492,187	597,218	416,380
Money at call and deposit placements with financial institutions maturing within one month	84,119	177,099	152,865	198,781
Deposit placements with Bank Negara Malaysia	1,201,021	2,957,762	340,000	1,910,000
	1,961,828	3,627,048	1,090,083	2,525,161
Stage 1 ECL allowance	(88)	(69)	(80)	(66)
	1,961,740	3,626,979	1,090,003	2,525,095
 (a) By geographical distribution				
Malaysia	1,681,960	3,231,825	861,520	2,182,283
Singapore	72,294	227,694	53,195	207,065
Other ASEAN countries	7,460	10,975	6,676	9,330
Rest of the world	200,114	156,554	168,692	126,483
	1,961,828	3,627,048	1,090,083	2,525,161

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

(b) Included in the Bank's cash and cash equivalents are deposits and placements with its Islamic Banking subsidiary, OCBC Al-Amin Bank Berhad ("OCBC Al-Amin"), amounting to RM69 million (2023: RM22 million), which are unsecured and profit bearing.

(c) Movements in ECL allowance

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Stage 1 ECL				
At 1 January	69	58	66	47
New financial assets originated or purchased	207	6	207	6
Financial assets derecognised	(157)	(3)	(157)	(3)
Net remeasurement during the year	(16)	8	(21)	16
Other movements	(15)	-	(15)	-
At 31 December	88	69	80	66

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,488,093	352,094	1,660,443	762,974
Stage 1 ECL allowance	(180)	(17)	(180)	(17)
	1,487,913	352,077	1,660,263	762,957

(a) By geography determined based on where the credit risk resides

Malaysia	1,481,258	313,345	1,653,608	724,225
Singapore	1,963	-	1,963	-
Rest of the world	4,872	38,749	4,872	38,749
	1,488,093	352,094	1,660,443	762,974

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)**

(b) By residual contractual maturity

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Maturity within one year	1,488,093	352,094	1,660,443	762,974

(c) Included in the Bank's deposits and placements with licensed banks are deposits and placements with its Islamic Banking subsidiary, OCBC Al-Amin, amounting to RM172 million (2023: RM411 million), which are unsecured and profit bearing.

(d) Movements in ECL allowance

<u>Group and Bank</u>	2024			2023		
	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000
At 1 January	17	-	17	60	-	60
Transferred to Stage 2	-	-	-	(30)	30	-
New financial assets originated or purchased	145	-	145	73	-	73
Financial assets derecognised	(68)	(1)	(69)	(30)	-	(30)
Net remeasurement during the year	87	4	91	(56)	(30)	(86)
Other movements	(1)	(3)	(4)	-	-	-
At 31 December	180	-	180	17	-	17

5 INVESTMENT ACCOUNT PLACEMENTS

<u>Bank</u>	2024 RM'000	2023 RM'000
Restricted Profit Sharing Investment Accounts ("RPSIA") ECL allowance	7,736,685 (14,850)	5,124,316 (29,134)
	<u>7,721,835</u>	<u>5,095,182</u>

(a) By geography based on where the credit risk resides

Malaysia	<u>7,736,685</u>	<u>5,124,316</u>
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(b) By residual contractual maturity

Within one year	7,736,685	5,109,520
Over five years	-	14,796
	<u>7,736,685</u>	<u>5,124,316</u>

The exposure to RPSIA is an arrangement with its Islamic banking subsidiary, OCBC Al-Amin, which contract is based on Mudharabah principle to fund a specific business venture where the Bank solely provides capital and the business venture is managed solely by OCBC Al-Amin. The profit of the business venture arrangement is shared between the Bank and OCBC Al-Amin based on a pre-agreed ratio with losses, if any, borne by the Bank.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**5 INVESTMENT ACCOUNT PLACEMENTS (continued)**

(c) Movements in ECL allowance

Bank	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total
	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime	Lifetime	
	ECL	ECL	ECL	
	RM'000	RM'000	RM'000	RM'000
2024				
At 1 January	13,251	1,087	14,796	29,134
Transferred to Stage 1	299	(299)	-	-
Transferred to Stage 2	(92)	92	-	-
New financial assets originated or purchased	6,122	-	-	6,122
Financial assets derecognised	(456)	-	-	(456)
Net remeasurement during the year	(4,330)	(758)	(14,796)	(19,884)
Other movements	(66)	-	-	(66)
At 31 December	14,728	122	-	14,850
2023				
At 1 January	3,326	12,378	25,006	40,710
Transferred to Stage 1	7,419	(7,419)	-	-
New financial assets originated or purchased	4,984	-	-	4,984
Net remeasurement during the year	(2,519)	(4,116)	(10,210)	(16,845)
Other movements	41	244	-	285
At 31 December	13,251	1,087	14,796	29,134

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	512,384	394,268	512,384	394,268
Malaysian Government Securities	1,169,396	893,295	1,169,396	893,295
Malaysian Government Treasury Bills	-	293,943	-	293,943
Foreign Government Debt Securities	43	1	43	1
Corporate Bonds and Sukuk	586,865	297,552	586,865	292,531
Quoted shares outside Malaysia	930	-	930	-
	2,269,618	1,879,059	2,269,618	1,874,038

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	4,727,582	7,989,390	2,475,955	5,812,431
Malaysian Government Securities	10,753,229	6,436,483	10,753,229	6,436,483
Malaysian Treasury Bills and Islamic Treasury Bills	19,910	673,760	19,910	673,760
Foreign Government Debt Securities and Sukuk	886,575	281,136	886,575	281,136
Negotiable Instruments of Deposit and Islamic				
Negotiable Instruments of Deposit	5,272,425	3,628,272	4,080,421	3,429,091
Corporate and Islamic Corporate Bonds, Sukuk and Sanadat Mudharabah Cagamas	5,075,762	3,233,673	4,122,869	2,178,406
Unquoted shares in Malaysia				
- Cagamas Holdings Berhad	85,595	85,595	85,595	85,595
- Others	27,866	27,022	27,866	27,022
	26,848,944	22,355,331	22,452,420	18,923,924

Included in financial investments at FVOCI of the Group and the Bank are Malaysian Government Investment Issues and corporate bonds, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM96 million (2023: RM1,431 million).

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7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (continued)

ECL allowance for financial investments at FVOCI is recognised in the ECL reserve.

	2024			2023		
	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000
<u>Group</u>						
At 1 January	1,483	61	1,544	632	39	671
Transferred to Stage 1	36	(36)	-	1	(1)	-
Transferred to Stage 2	(73)	73	-	(100)	100	-
New financial assets originated or purchased	3,945	-	3,945	1,932	1	1,933
Financial assets derecognised	(888)	(5)	(893)	(676)	(42)	(718)
Net remeasurement during the year	(1,544)	399	(1,145)	(319)	(37)	(356)
Other movements	(102)	(34)	(136)	13	1	14
At 31 December	2,857	458	3,315	1,483	61	1,544
<u>Bank</u>						
At 1 January	1,328	61	1,389	485	39	524
Transferred to Stage 1	36	(36)	-	1	(1)	-
Transferred to Stage 2	(72)	72	-	(100)	100	-
New financial assets originated or purchased	3,504	-	3,504	1,610	1	1,611
Financial assets derecognised	(711)	(5)	(716)	(485)	(42)	(527)
Net remeasurement during the year	(1,377)	400	(977)	(196)	(37)	(233)
Other movements	(102)	(34)	(136)	13	1	14
At 31 December	2,606	458	3,064	1,328	61	1,389

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8 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At amortised cost				
Overdrafts	2,894,158	2,732,509	2,260,337	2,176,526
Term loans/financing				
- Housing loans/financing	16,998,380	18,027,917	15,232,362	16,457,789
- Syndicated term loans/financing	10,378,520	8,465,591	7,075,007	6,255,965
- Hire purchase receivables	215,407	286,187	51,463	64,990
- Other term loans/financing	21,080,645	21,250,227	14,293,450	15,132,805
Credit cards	513,093	527,068	513,093	527,068
Bills receivable	225,481	159,989	177,826	80,379
Trust receipts	16,919	14,693	16,613	14,693
Claims on customers under acceptance credits	1,920,350	2,973,662	1,756,801	2,737,288
Revolving credit	11,509,050	11,276,397	7,527,059	7,229,672
Staff loans/financing	39,461	40,375	39,461	40,375
Other loans/financing	3,562,478	2,321,091	3,325,263	2,224,219
Gross loans, advances and financing	69,353,942	68,075,706	52,268,735	52,941,769
ECL allowance	(1,062,314)	(1,264,348)	(835,859)	(897,152)
Net loans, advances and financing	68,291,628	66,811,358	51,432,876	52,044,617
(a) By type of customer				
Domestic banking institutions	786,133	809,238	-	-
Domestic non-bank financial institutions	4,074,085	3,687,975	2,149,644	1,764,997
Domestic business enterprises				
- Small and medium enterprises	12,896,419	12,374,218	10,012,939	10,047,031
- Others	31,065,516	29,191,212	21,531,378	21,005,991
Individuals	18,889,687	20,079,531	17,061,061	18,396,001
Foreign entities	1,642,102	1,933,532	1,513,713	1,727,749
	69,353,942	68,075,706	52,268,735	52,941,769
(b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	129,393	122,545	64,406	31,210
- Hire purchase receivables	145,361	193,092	45,219	49,820
- Other fixed rate loans/financing	6,838,094	7,294,341	6,066,029	6,622,054
Variable rate				
- Base rate/Base lending rate/Base financing rate plus/Standardised base rate	29,369,865	29,652,872	25,133,807	26,020,626
- Cost plus	32,354,952	30,098,368	20,470,229	19,583,672
- Other variable rates	516,277	714,488	489,045	634,387
	69,353,942	68,075,706	52,268,735	52,941,769

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**8 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(c) By sector				
Agriculture, hunting, forestry and fishing	2,156,009	2,292,288	1,569,460	1,467,138
Mining and quarrying	57,272	78,524	47,575	65,847
Manufacturing	7,988,332	7,464,231	6,958,196	6,437,380
Electricity, gas and water	712,043	641,161	486,098	421,166
Construction	2,159,457	1,848,178	1,562,038	1,309,173
Real estate	6,211,864	7,608,552	5,353,388	6,356,862
Wholesale & retail trade and restaurants & hotels	7,631,245	7,357,040	6,156,583	6,231,839
Transport, storage and communication	2,960,285	1,539,988	1,941,927	829,915
Finance, insurance and business services	17,057,745	15,630,741	8,446,350	8,706,790
Community, social and personal services	2,187,298	2,111,007	1,471,744	1,389,797
Household				
- Purchase of residential properties	17,611,242	18,731,989	15,839,177	17,154,162
- Purchase of non-residential properties	558,358	621,174	512,101	575,792
- Others	2,062,792	2,150,833	1,924,098	1,995,908
	<u>69,353,942</u>	<u>68,075,706</u>	<u>52,268,735</u>	<u>52,941,769</u>
(d) By geography determined based on where the credit risk resides				
Malaysia	67,717,281	66,310,484	50,759,509	51,366,554
Singapore	985,079	1,079,284	902,612	1,021,707
Other ASEAN countries	297,792	233,523	293,694	229,011
Rest of the world	353,790	452,415	312,920	324,497
	<u>69,353,942</u>	<u>68,075,706</u>	<u>52,268,735</u>	<u>52,941,769</u>
(e) By residual contractual maturity				
Up to one year	21,086,624	19,635,387	16,805,760	16,173,548
Over one year to three years	9,613,472	7,424,922	4,703,444	4,448,717
Over three years to five years	8,298,834	9,878,664	5,380,839	5,778,491
Over five years	30,355,012	31,136,733	25,378,692	26,541,013
	<u>69,353,942</u>	<u>68,075,706</u>	<u>52,268,735</u>	<u>52,941,769</u>

9 IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements in impaired loans, advances and financing

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	2,253,431	2,960,361	1,702,842	2,227,933
Impaired during the year	920,002	894,067	828,255	776,069
Reclassified as non-credit impaired	(769,324)	(557,926)	(685,366)	(473,112)
Amount recovered	(580,005)	(832,677)	(476,150)	(721,639)
Amount written off	(338,606)	(210,394)	(213,310)	(106,409)
At 31 December	1,485,498	2,253,431	1,156,271	1,702,842
Stage 3 ECL allowance	(432,069)	(755,192)	(323,916)	(497,729)
Net impaired loans, advances and financing	<u>1,053,429</u>	<u>1,498,239</u>	<u>832,355</u>	<u>1,205,113</u>

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9 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(i) Movements in impaired loans, advances and financing (continued)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) By sector				
Agriculture, hunting, forestry and fishing	2,411	1,473	843	1,289
Mining and quarrying	8,093	10,277	8,093	10,277
Manufacturing	241,729	361,607	205,529	263,753
Electricity, gas and water	4,515	41,521	4,394	41,400
Construction	77,235	167,902	70,077	76,531
Real estate	73,806	95,988	69,916	94,364
Wholesale & retail trade and restaurants & hotels	384,825	499,603	210,127	315,421
Transport, storage and communication	11,740	24,738	6,332	5,501
Finance, insurance and business services	26,310	75,883	24,805	68,641
Community, social and personal services	6,294	8,049	6,190	7,559
Household				
- Purchase of residential properties	576,393	858,936	493,876	731,214
- Purchase of non-residential properties	12,392	22,823	8,866	19,274
- Others	59,755	84,631	47,223	67,618
	<u>1,485,498</u>	<u>2,253,431</u>	<u>1,156,271</u>	<u>1,702,842</u>
(b) By geography based on where the credit risk resides				
Malaysia	1,444,403	2,175,779	1,125,202	1,636,974
Singapore	20,639	48,911	17,818	46,500
Other ASEAN countries	1,464	2,826	1,464	1,422
Rest of the world	18,992	25,915	11,787	17,946
	<u>1,485,498</u>	<u>2,253,431</u>	<u>1,156,271</u>	<u>1,702,842</u>
(c) By collateral type				
Property	1,124,728	1,560,715	891,648	1,262,952
Fixed deposits	3,794	1,909	3,794	1,909
Secured - others	49,807	47,295	36,481	24,018
Unsecured - corporate and other guarantees	102,797	381,167	75,109	202,275
Unsecured - clean	204,372	262,345	149,239	211,688
	<u>1,485,498</u>	<u>2,253,431</u>	<u>1,156,271</u>	<u>1,702,842</u>

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9 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(ii) Movements in ECL allowance on loans, advances and financing

Group	<i>Non credit-impaired</i>		<i>Credit-</i>	2024	<i>Non credit-impaired</i>		<i>Credit-</i>	2023
	Stage 1	Stage 2	<i>impaired</i>		Stage 1	Stage 2	<i>impaired</i>	
	RM'000	RM'000	Stage 3		RM'000	RM'000	Stage 3	
				Total				Total
At 1 January	188,322	320,834	755,192	1,264,348	112,411	339,817	816,365	1,268,593
Transferred to Stage 1	194,876	(167,567)	(27,309)	-	236,957	(206,389)	(30,568)	-
Transferred to Stage 2	(42,797)	104,908	(62,111)	-	(38,732)	122,034	(83,302)	-
Transferred to Stage 3	(2,034)	(107,738)	109,772	-	(366)	(185,242)	185,608	-
New financial assets originated or purchased	249,384	146,982	-	396,366	138,769	135,413	-	274,182
Financial assets derecognised	(175,554)	(164,838)	(29,512)	(369,904)	(85,195)	(144,785)	(64,645)	(294,625)
Net remeasurement during the year	(179,281)	266,000	42,725	129,444	(176,152)	259,018	173,584	256,450
Written off	-	-	(338,606)	(338,606)	-	-	(210,394)	(210,394)
Other movements	(1,083)	(169)	(18,082)	(19,334)	630	968	(31,456)	(29,858)
At 31 December	231,833	398,412	432,069	1,062,314	188,322	320,834	755,192	1,264,348

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9 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(ii) Movements in ECL allowance on loans, advances and financing (continued)

	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	2024	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	2023
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Bank				Total				Total
At 1 January	145,190	254,233	497,729	897,152	91,539	238,012	499,066	828,617
Transferred to Stage 1	156,196	(132,515)	(23,681)	-	167,173	(145,284)	(21,889)	-
Transferred to Stage 2	(34,052)	85,462	(51,410)	-	(33,447)	99,821	(66,374)	-
Transferred to Stage 3	(1,951)	(85,871)	87,822	-	(310)	(139,907)	140,217	-
New financial assets originated or purchased	219,181	124,880	-	344,061	115,444	107,918	-	223,362
Financial assets derecognised	(157,866)	(137,818)	(27,390)	(323,074)	(76,697)	(124,898)	(63,546)	(265,141)
Net remeasurement during the year	(143,375)	221,301	69,626	147,552	(119,060)	218,296	143,985	243,221
Written off	-	-	(213,310)	(213,310)	-	-	(106,409)	(106,409)
Other movements	(946)	(106)	(15,470)	(16,522)	548	275	(27,321)	(26,498)
At 31 December	182,377	329,566	323,916	835,859	145,190	254,233	497,729	897,152

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

9 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(ii) Movements in ECL allowance on loans, advances and financing (continued)

(a) By sector

ECL allowance on loans, advances and financing, including on loan commitments and financial guarantees (Note 19)

	Group				Bank			
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3		<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3	
	Stage 1 and 2 RM'000	Stage 3 RM'000	Made during the year (Note 30) RM'000	Written off RM'000	Stage 1 and 2 RM'000	Stage 3 RM'000	Made during the year (Note 30) RM'000	Written off RM'000
31 December 2024								
Agriculture, hunting, forestry and fishing	36,670	479	689	1	26,143	361	573	1
Mining and quarrying	3,575	-	-	-	3,348	-	-	-
Manufacturing	238,164	71,823	23,726	113,552	215,250	42,634	13,484	51,024
Electricity, gas and water	7,677	1,480	184	36,996	6,297	1,476	184	36,996
Construction	121,648	96,479	43,354	68,180	80,974	78,179	38,307	22,054
Real estate	48,797	17,479	331	1	42,644	17,339	274	1
Wholesale & retail trade and restaurants & hotels	126,212	157,384	38,566	14,978	105,884	107,933	19,955	11,297
Transport, storage and communication	42,461	3,509	4,475	443	29,936	1,284	2,021	435
Finance, insurance and business services	94,109	2,055	4,660	32,202	67,421	1,614	4,432	31,923
Community, social and personal services	18,887	1,144	458	384	17,191	1,131	458	-
Household								
- Purchase of residential properties	45,548	93,646	104,568	53,791	40,361	75,651	91,555	43,758
- Purchase of non-residential properties	3,061	1,658	4,066	3,571	2,875	802	4,052	3,571
- Others	81,264	21,333	26,386	14,507	78,992	15,685	22,488	12,250
	868,073	468,469	251,463	338,606	717,316	344,089	197,783	213,310

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9 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(ii) Movements in ECL allowance on loans, advances and financing (continued)

(a) By sector (continued)

ECL allowance on loans, advances and financing, including loan commitments and financial guarantees (Note 19) (continued)

	Group				Bank			
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3		<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3	
	Stage 1 and 2 RM'000	Stage 3 RM'000	Made during the year (Note 30) RM'000	Written off RM'000	Stage 1 and 2 RM'000	Stage 3 RM'000	Made during the year (Note 30) RM'000	Written off RM'000
31 December 2023								
Agriculture, hunting, forestry and fishing	34,163	484	29	-	23,547	466	29	-
Mining and quarrying	6,483	-	-	-	6,283	-	-	-
Manufacturing	136,537	167,305	73,970	3,617	118,216	83,144	34,113	3,483
Electricity, gas and water	7,797	38,476	9,638	435	5,800	38,472	9,638	435
Construction	114,670	159,157	110,149	24,718	79,332	63,892	63,542	11,081
Real estate	79,301	37,127	37,604	15,931	65,065	36,985	37,580	15,924
Wholesale & retail trade and restaurants & hotels	94,920	160,020	102,001	17,674	83,021	122,915	98,517	10,117
Transport, storage and communication	32,064	16,578	1,594	1,777	27,429	1,155	1,341	1,475
Finance, insurance and business services	87,404	36,774	32,933	67,262	51,897	35,919	32,454	3,788
Community, social and personal services	9,857	1,763	750	314	8,639	1,366	750	314
Household								
- Purchase of residential properties	32,241	150,917	78,105	56,184	28,639	121,053	60,055	41,120
- Purchase of non-residential properties	1,763	4,127	4,839	3,889	1,392	3,098	4,202	3,889
- Others	88,105	26,569	29,884	18,593	85,455	18,215	24,841	14,783
	<u>725,305</u>	<u>799,297</u>	<u>481,496</u>	<u>210,394</u>	<u>584,715</u>	<u>526,680</u>	<u>367,062</u>	<u>106,409</u>

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9 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(ii) Movements in ECL allowance on loans, advances and financing (continued)

(b) By geographical distribution

ECL allowance on loans, advances and financing, including loan commitments and financial guarantees (Note 19) (continued)

	Group			Bank		
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>		<i>Non credit- impaired</i>	<i>Credit- impaired</i>	
	Stage 1 and 2	Stage 3	Total	Stage 1 and 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024						
Malaysia	856,889	456,875	1,313,764	706,508	336,841	1,043,349
Singapore	4,662	6,274	10,936	4,454	4,921	9,375
Other ASEAN countries	1,637	1,700	3,337	1,628	627	2,255
Rest of the world	4,885	3,620	8,505	4,726	1,700	6,426
	<u>868,073</u>	<u>468,469</u>	<u>1,336,542</u>	<u>717,316</u>	<u>344,089</u>	<u>1,061,405</u>
2023						
Malaysia	707,771	775,045	1,482,816	575,166	505,217	1,080,383
Singapore	4,871	17,710	22,581	4,598	17,214	21,812
Other ASEAN countries	1,760	622	2,382	1,751	622	2,373
Rest of the world	10,903	5,920	16,823	3,200	3,627	6,827
	<u>725,305</u>	<u>799,297</u>	<u>1,524,602</u>	<u>584,715</u>	<u>526,680</u>	<u>1,111,395</u>

(c) Impact of movements in gross carrying amount on ECL allowance

Stage 1 ECL allowance increased by RM68 million and RM57 million respectively for the Group and the Bank compared to the previous financial year mainly from higher new financial assets purchase and net remeasurement charge during the year partially offset by the net migration of loans, advances and financing including loan commitments and financial guarantees.

Stage 2 ECL allowance of loans, advances and financing including loan commitments and financial guarantees increased by RM75 million for both the Group and the Bank as compared to the previous financial year, mainly from credit-impaired loans, advances and financing migrated from Stage 3 to Stage 2.

Stage 3 ECL allowance of loans, advances and financing including loan commitments and financial guarantees decreased by RM331 million and RM183 million respectively for the Group and the Bank as compared to the previous financial year mainly due to write offs and net remeasurement writeback during the year.

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10 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Financial derivatives are instruments which value change in response to the change in one or more "underlying" such as foreign exchange rate, security price and credit index. They include forwards, swaps, futures, options and credit derivatives. In the normal course of business, the Group and the Bank customise derivatives to meet the specific needs of their customers. The Group and the Bank also transact in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. While the Group and the Bank also enter into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated as hedge relationships and are measured at fair value through profit or loss.

The tables below analyse the principal amounts and the positive (assets) and negative (liabilities) fair values of the Group's and the Bank's financial derivatives. The notional amounts of these instruments indicate the volume of transactions outstanding at the reporting date for both trading and hedging instruments. They do not necessarily indicate the amount of future cash flows or the fair value of the derivatives and therefore, do not represent total amount of risk. The positive (assets) and negative (liabilities) fair values represent the favourable and unfavourable fair value respectively of hedging and trading derivatives as a result of fluctuations in the value of the underlying relative to their contractual terms as at reporting date.

	2024			2023		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Group						
Trading						
Foreign exchange derivatives						
- Forwards	9,392,620	138,301	140,811	6,787,110	38,555	62,493
- Swaps	30,368,065	472,313	443,122	27,298,182	583,620	406,768
- Options	473,453	3,517	1,275	903,885	6,911	737
- Others	4	-	1	-	-	-
Interest rate derivatives						
- Forwards	68,627	105	-	294,248	186	1,671
- Swaps	45,960,370	242,786	243,931	47,656,928	301,022	321,560
- Options	53,480	1,212	1,212	-	-	-
- Futures	952,116	81	78	114,914	43	11
- Swaptions	12,913	20	73	-	-	-
Equity and other derivatives						
- Swaps	1,284,117	43,813	43,813	1,312,674	87,436	87,436
- Options	1,285,201	10,427	10,401	1,105,850	8,311	8,311
- Credit linked notes	1,280,070	22,585	22,585	1,316,208	2,246	2,246
- Credit default swaps	-	-	-	386,810	245	245
	91,131,036	935,160	907,302	87,176,809	1,028,575	891,478
Hedging						
Interest rate derivatives						
- Swaps	3,235,991	17,529	2,257	410,000	2,045	2,890
	94,367,027	952,689	909,559	87,586,809	1,030,620	894,368

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10 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

	2024			2023		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Bank						
Trading						
Foreign exchange derivatives						
- Forwards	9,386,800	138,238	140,460	6,837,235	38,446	62,545
- Swaps	30,542,396	472,692	443,144	27,551,366	584,120	407,485
- Options	473,453	3,517	1,275	903,885	6,911	737
- Others	4	-	1	-	-	-
Interest rate derivatives						
- Forwards	68,627	105	-	294,248	186	1,671
- Swaps	45,960,370	242,786	243,931	47,656,928	301,022	321,560
- Options	53,480	1,212	1,212	-	-	-
- Futures	952,116	81	78	114,914	43	11
- Others	12,913	20	73	-	-	-
Equity and other derivatives						
- Swaps	1,284,117	43,813	43,813	1,312,674	87,436	87,436
- Options	1,285,201	10,427	10,401	1,105,850	8,311	8,311
- Credit linked notes	1,280,070	22,585	22,585	1,316,208	2,246	2,246
- Credit default swaps	-	-	-	386,810	245	245
	91,299,547	935,476	906,973	87,480,118	1,028,966	892,247
Hedging						
Interest rate derivatives						
- Swaps	3,235,991	17,529	2,257	410,000	2,045	2,890
	94,535,538	953,005	909,230	87,890,118	1,031,011	895,137
Of which related to wholly-owned subsidiary	741,289	12,823	43	898,343	6,498	56

11 OTHER ASSETS

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due from subsidiaries	(a)	-	-	20,749	176,477
Interest/Profit receivable		251,647	179,276	234,083	161,776
Other receivables, deposits and prepayments		222,464	293,133	218,449	288,916
Amount due from holding company		2,841	3,343	2,615	3,174
		476,952	475,752	475,896	630,343

(a) The amount due from subsidiaries are unsecured, interest/profit free and repayable on demand.

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12 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-profit bearing statutory deposits are maintained with BNM in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

13 INVESTMENTS IN SUBSIDIARIES

<u>Bank</u>	2024 RM'000	2023 RM'000
Unquoted shares in Malaysia, at cost	557,051	557,051

Details of the subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

<u>Subsidiaries</u>	<u>Principal activities</u>	Effective ownership and voting interest	
		2024	2023
OCBC Al-Amin Bank Berhad	Islamic banking	100%	100%
Malaysia Nominees (Tempatan) Sdn Bhd	Nominee services	100%	100%
Malaysia Nominees (Asing) Sdn Bhd	Nominee services	100%	100%
OCBC Advisers (Malaysia) Sdn Bhd	Corporate finance and related advisory services	100%	100%

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14 PROPERTY AND EQUIPMENT

Group	Freehold land and buildings*	Buildings on leasehold land		Office equipment and furniture	Computer equipment/ software	Motor vehicles	Renovation	Work in progress	Total
		Less than 50 years	50 years or more						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024									
Cost									
At 1 January	131,076	3,607	7,018	153,853	331,218	910	95,504	-	723,186
Additions	-	-	-	3,801	9,449	555	7,190	-	20,995
Disposals/Write-off	-	-	-	(5,032)	(4,980)	(25)	(62)	-	(10,099)
At 31 December	131,076	3,607	7,018	152,622	335,687	1,440	102,632	-	734,082
Accumulated depreciation									
At 1 January	(48,939)	(1,846)	(3,000)	(137,377)	(300,157)	(877)	(92,132)	-	(584,328)
Depreciation for the year	(1,810)	(63)	(106)	(5,290)	(9,795)	(134)	(1,261)	-	(18,459)
Disposals/Write-off	-	-	-	5,018	4,979	25	62	-	10,084
At 31 December	(50,749)	(1,909)	(3,106)	(137,649)	(304,973)	(986)	(93,331)	-	(592,703)
Impairment allowance									
At 1 January and 31 December	(1,623)	(1,085)	(1,900)	-	-	-	-	-	(4,608)
Carrying amount									
At 1 January	80,514	676	2,118	16,476	31,061	33	3,372	-	134,250
At 31 December	78,704	613	2,012	14,973	30,714	454	9,301	-	136,771

* Included in freehold land and buildings are buildings amounting to RM105 million (2023: RM105 million) and accumulated depreciation of RM51 million (2023: RM49 million).

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14 PROPERTY AND EQUIPMENT (continued)

Group (continued)	Freehold land and buildings*	Buildings on leasehold land		Office equipment and furniture	Computer equipment/ software	Motor vehicles	Renovation	Work in progress	Total
		Less than 50 years	50 years or more						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023									
Cost									
At 1 January	131,076	3,607	7,018	146,979	318,790	910	94,813	1,731	704,924
Additions	-	-	-	7,446	12,463	-	741	-	20,650
Disposals/Write-off	-	-	-	(585)	(1,753)	-	(50)	-	(2,388)
Reclassification	-	-	-	-	1,731	-	-	(1,731)	-
Transfer from related parties	-	-	-	16	5	-	-	-	21
Transfer to related parties	-	-	-	(3)	(18)	-	-	-	(21)
At 31 December	131,076	3,607	7,018	153,853	331,218	910	95,504	-	723,186
Accumulated depreciation									
At 1 January	(46,884)	(1,793)	(2,911)	(133,332)	(289,749)	(797)	(90,876)	-	(566,342)
Depreciation for the year	(2,055)	(53)	(89)	(4,613)	(12,174)	(80)	(1,306)	-	(20,370)
Disposals/Write-off	-	-	-	571	1,751	-	50	-	2,372
Transfer from related parties	-	-	-	(6)	(3)	-	-	-	(9)
Transfer to related parties	-	-	-	3	18	-	-	-	21
At 31 December	(48,939)	(1,846)	(3,000)	(137,377)	(300,157)	(877)	(92,132)	-	(584,328)
Impairment allowance									
At 1 January and 31 December	(1,623)	(1,085)	(1,900)	-	-	-	-	-	(4,608)
Carrying amount									
At 1 January	82,569	729	2,207	13,647	29,041	113	3,937	1,731	133,974
At 31 December	80,514	676	2,118	16,476	31,061	33	3,372	-	134,250

* Included in freehold land and buildings are buildings amounting to RM105 million (2022: RM105 million) and accumulated depreciation of RM49 million (2022: RM47 million).

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14 PROPERTY AND EQUIPMENT (continued)

Bank	Freehold land and buildings*	Building on leasehold land		Office equipment and furniture	Computer equipment/ software	Motor vehicles	Renovation	Work in progress	Total
		Less than 50 years	50 years or more						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024									
Cost									
At 1 January	130,944	3,607	7,018	144,116	314,887	821	85,503	-	686,896
Additions	-	-	-	3,623	9,367	555	7,190	-	20,735
Disposals/Write-off	-	-	-	(5,005)	(4,924)	(25)	(4)	-	(9,958)
At 31 December	130,944	3,607	7,018	142,734	319,330	1,351	92,689	-	697,673
Accumulated depreciation									
At 1 January	(48,902)	(1,846)	(3,000)	(130,027)	(284,124)	(788)	(82,065)	-	(550,752)
Depreciation for the year	(1,810)	(63)	(106)	(4,471)	(9,627)	(134)	(1,256)	-	(17,467)
Disposals/Write-off	-	-	-	4,993	4,923	25	4	-	9,945
At 31 December	(50,712)	(1,909)	(3,106)	(129,505)	(288,828)	(897)	(83,317)	-	(558,274)
Impairment allowance									
At 1 January and 31 December	(1,623)	(1,085)	(1,900)	-	-	-	-	-	(4,608)
Carrying amount									
At 1 January	80,419	676	2,118	14,089	30,763	33	3,438	-	131,536
At 31 December	78,609	613	2,012	13,229	30,502	454	9,372	-	134,791

* Included in freehold land and buildings are buildings amounting to RM105 million (2023: RM105 million) and accumulated depreciation of RM51 million (2023: RM49 million).

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14 PROPERTY AND EQUIPMENT (continued)

Bank (continued)	Freehold land and buildings*	Building on leasehold land		Office equipment and furniture	Computer equipment/ software	Motor vehicles	Renovation	Work in progress	Total
		Less than 50 years	50 years or more						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023									
Cost									
At 1 January	130,944	3,607	7,018	137,777	302,347	821	84,762	1,731	669,007
Additions	-	-	-	6,807	12,422	-	741	-	19,970
Disposals/Write-off	-	-	-	(544)	(1,605)	-	-	-	(2,149)
Reclassification	-	-	-	-	1,731	-	-	(1,731)	-
Transfer from related parties	-	-	-	79	7	-	-	-	86
Transfer to related parties	-	-	-	(3)	(15)	-	-	-	(18)
At 31 December	130,944	3,607	7,018	144,116	314,887	821	85,503	-	686,896
Accumulated depreciation									
At 1 January	(46,847)	(1,793)	(2,911)	(126,649)	(273,781)	(708)	(80,857)	-	(533,546)
Depreciation for the year	(2,055)	(53)	(89)	(3,860)	(11,958)	(80)	(1,208)	-	(19,303)
Disposals/Write-off	-	-	-	530	1,605	-	-	-	2,135
Transfer from related parties	-	-	-	(51)	(5)	-	-	-	(56)
Transfer to related parties	-	-	-	3	15	-	-	-	18
At 31 December	(48,902)	(1,846)	(3,000)	(130,027)	(284,124)	(788)	(82,065)	-	(550,752)
Impairment allowance									
At 1 January and 31 December	(1,623)	(1,085)	(1,900)	-	-	-	-	-	(4,608)
Carrying amount									
At 1 January	82,474	729	2,207	11,128	28,566	113	3,905	1,731	130,853
At 31 December	80,419	676	2,118	14,089	30,763	33	3,438	-	131,536

* Included in freehold land and buildings are buildings amounting to RM105 million (2022: RM105 million) and accumulated depreciation of RM49 million (2022: RM47 million).

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The Bank rents out space, primarily to its Islamic subsidiary and a related company, for the purpose of providing services to the Group. The rental income is disclosed in Note 27 and the operating lease payments to be received are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Less than one year	171	2,954	171	2,996
Between one to five years	188	-	188	-
Total undiscounted lease payments	359	2,954	359	2,996

15 RIGHT-OF-USE (“ROU”) ASSETS

Group	2024			2023		
	Leasehold land RM'000	Properties RM'000	Total RM'000	Leasehold land RM'000	Properties RM'000	Total RM'000
Cost						
At 1 January	6,792	48,538	55,330	6,792	43,294	50,086
Additions	-	20,840	20,840	-	24,785	24,785
Derecognised during the year	-	(20,932)	(20,932)	-	(19,541)	(19,541)
At 31 December	6,792	48,446	55,238	6,792	48,538	55,330
Accumulated depreciation						
At 1 January	(1,724)	(25,417)	(27,141)	(1,653)	(32,015)	(33,668)
Depreciation for the year	(82)	(13,975)	(14,057)	(71)	(12,943)	(13,014)
Derecognised during the year	-	19,851	19,851	-	19,541	19,541
At 31 December	(1,806)	(19,541)	(21,347)	(1,724)	(25,417)	(27,141)
Impairment allowance						
At 1 January	(1,604)	-	(1,604)	(1,604)	-	(1,604)
At 31 December	(1,604)	-	(1,604)	(1,604)	-	(1,604)
Carrying amount						
At 1 January	3,464	23,121	26,585	3,535	11,279	14,814
At 31 December	3,382	28,905	32,287	3,464	23,121	26,585
Bank						
Cost						
At 1 January	6,792	42,026	48,818	6,792	38,187	44,979
Additions	-	20,070	20,070	-	21,673	21,673
Derecognised during the year	-	(18,134)	(18,134)	-	(17,834)	(17,834)
At 31 December	6,792	43,962	50,754	6,792	42,026	48,818
Accumulated depreciation						
At 1 January	(1,724)	(22,557)	(24,281)	(1,653)	(28,947)	(30,600)
Depreciation for the year	(82)	(12,461)	(12,543)	(71)	(11,444)	(11,515)
Derecognised during the year	-	17,011	17,011	-	17,834	17,834
At 31 December	(1,806)	(18,007)	(19,813)	(1,724)	(22,557)	(24,281)
Impairment allowance						
At 1 January	(1,604)	-	(1,604)	(1,604)	-	(1,604)
At 31 December	(1,604)	-	(1,604)	(1,604)	-	(1,604)
Carrying amount						
At 1 January	3,464	19,469	22,933	3,535	9,240	12,775
At 31 December	3,382	25,955	29,337	3,464	19,469	22,933

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16 DEFERRED TAX ASSETS

Group	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Change in fair value of financial instruments	-	7,414	(3,848)	-	(3,848)	7,414
Capital allowance over depreciation	-	-	(2,304)	(1,733)	(2,304)	(1,733)
Stage 1 and 2 ECL allowance	143,988	118,599	-	-	143,988	118,599
Provision for expenses	71,382	63,691	-	-	71,382	63,691
Other temporary differences	25,328	15,969	-	-	25,328	15,969
Tax assets/(liabilities)	240,698	205,673	(6,152)	(1,733)	234,546	203,940
Set off of tax	(6,152)	(1,733)	6,152	1,733	-	-
Net tax assets	234,546	203,940	-	-	234,546	203,940

Bank

Change in fair value of financial instruments	-	5,278	(3,430)	-	(3,430)	5,278
Capital allowance over depreciation	-	-	(2,052)	(1,359)	(2,052)	(1,359)
Stage 1 and 2 ECL allowance	121,202	97,773	-	-	121,202	97,773
Provision for expenses	69,269	61,300	-	-	69,269	61,300
Other temporary differences	20,326	11,448	-	-	20,326	11,448
Tax assets/(liabilities)	210,797	175,799	(5,482)	(1,359)	205,315	174,440
Set off of tax	(5,482)	(1,359)	5,482	1,359	-	-
Net tax assets	205,315	174,440	-	-	205,315	174,440

(i) Movement in deferred tax

Group	At	Recognised	Recognised	At
	1 January	in profit	in other	31 December
	RM'000	or loss	comprehensive	RM'000
		(Note 31)	income	
		RM'000	RM'000	
2024				
Change in fair value of financial instruments	7,414	-	(11,262)	(3,848)
Capital allowance over depreciation	(1,733)	(571)	-	(2,304)
Stage 1 and 2 ECL allowance	118,599	25,389	-	143,988
Provision for expenses	63,691	7,691	-	71,382
Other temporary differences	15,969	9,359	-	25,328
	203,940	41,868	(11,262)	234,546
2023				
Change in fair value of financial instruments	47,166	-	(39,752)	7,414
Capital allowance over depreciation	(2,341)	608	-	(1,733)
Stage 1 and 2 ECL allowance	119,281	(682)	-	118,599
Provision for expenses	52,340	11,351	-	63,691
Other temporary differences	14,597	1,372	-	15,969
	231,043	12,649	(39,752)	203,940

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16 DEFERRED TAX ASSETS (continued)

(i) Movement in deferred tax (continued)

	At 1 January RM'000	Recognised in profit or loss (Note 31) RM'000	Recognised in other comprehensive income RM'000	At 31 December RM'000
Bank				
2024				
Change in fair value of financial instruments	5,278	-	(8,708)	(3,430)
Capital allowance over depreciation	(1,359)	(693)	-	(2,052)
Stage 1 and 2 ECL allowance	97,773	23,429	-	121,202
Provision for expenses	61,300	7,969	-	69,269
Other temporary differences	11,448	8,878	-	20,326
	<u>174,440</u>	<u>39,583</u>	<u>(8,708)</u>	<u>205,315</u>
2023				
Change in fair value of financial instruments	38,588	-	(33,310)	5,278
Capital allowance over depreciation	(1,909)	550	-	(1,359)
Stage 1 and 2 ECL allowance	92,187	5,586	-	97,773
Provision for expenses	50,565	10,735	-	61,300
Other temporary differences	11,225	223	-	11,448
	<u>190,656</u>	<u>17,094</u>	<u>(33,310)</u>	<u>174,440</u>

17 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) By type of deposit				
Demand deposits	25,504,250	24,646,027	19,745,700	18,902,599
Saving deposits	11,896,750	11,694,921	11,136,882	10,938,000
Fixed/General investment deposits	34,506,672	34,570,501	29,803,766	30,300,246
Negotiable instruments of deposit	2,905,520	1,378,970	2,905,520	1,378,970
Short-term money market deposits	1,959,452	3,210,677	1,813,492	2,558,772
	<u>76,772,644</u>	<u>75,501,096</u>	<u>65,405,360</u>	<u>64,078,587</u>
(b) By type of customer				
Government and statutory bodies	127,105	193,860	37,850	95,239
Non-bank financial institutions	2,991,004	3,064,093	1,882,867	1,687,387
Business enterprises	28,441,210	29,887,058	22,658,081	23,815,035
Individuals	36,962,724	36,136,805	33,083,253	32,668,914
Foreign entities	7,384,665	5,535,832	6,945,403	5,192,744
Others	865,936	683,448	797,906	619,268
	<u>76,772,644</u>	<u>75,501,096</u>	<u>65,405,360</u>	<u>64,078,587</u>
(c) By residual maturity for fixed/general investment deposits, negotiable instruments of deposit and short-term money market deposits				
Up to six months	33,101,449	29,992,937	29,200,675	26,138,134
Over six months to one year	6,187,282	8,989,764	5,245,983	7,937,018
Over one year to three years	76,370	173,606	72,277	162,095
Over three years to five years	6,543	3,841	3,843	741
	<u>39,371,644</u>	<u>39,160,148</u>	<u>34,522,778</u>	<u>34,237,988</u>

(d) Included in the Bank's deposits from customers are deposits from its corporate finance and related advisory services subsidiary, OCBC Advisers (Malaysia) Sdn Bhd, amounting to RM15 million (31 December 2023: RM10 million).

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18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Licensed banks and other financial institutions	9,569,743	4,713,152	9,521,649	4,686,535

19 OTHER LIABILITIES

	Note	Group		Bank	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Amount due to subsidiaries	(a)	-	-	53,193	8,599
Equity compensation benefits	(b)	26,233	27,835	25,547	27,130
Interest/Profit payable		409,578	427,905	369,805	385,966
Structured investments		2,842,002	3,271,959	2,842,002	3,271,959
Lease liabilities		28,357	22,580	25,350	18,898
Other payables and accruals		774,540	652,138	720,628	590,566
ECL allowance for loan commitments and financial guarantees	(c)	274,228	260,254	225,546	214,243
		<u>4,354,938</u>	<u>4,662,671</u>	<u>4,262,071</u>	<u>4,517,361</u>

(a) The amount due to subsidiaries is unsecured, interest/profit free and repayable on demand.

(b) Equity compensation benefits

Equity compensation benefits which are granted by the ultimate holding company refer to the fair value for all goods and services received in respect of equity-settled share-based payment transactions recognised under MFRS 2, *Share-based Payment*. A liability is recognised based on the recharge by the immediate and ultimate holding company of the Bank over the vesting period. Included in equity compensation benefits are:

(i) OCBC Deferred Share Plan (“DSP”)

Under the DSP, shares of OCBC Ltd are awarded to eligible executives where share awards form 20% to 40% of their total variable performance bonus for the year. A trust is set up to administer the shares purchased under the DSP. 50% of the share awards will vest after two years with the remaining 50% vesting at the end of the third year in accordance with the guidelines established under the DSP. Prior to the vesting date, the executives will not be accorded voting rights on the shares.

The awards will lapse immediately on the termination of employment, except in the event of retirement, redundancy, death, or where approved by the relevant approving authorities at OCBC Ltd which may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined.

(ii) OCBC Share Option Scheme 2001 (“ESOS”)

Under the ESOS, shares of OCBC Ltd are offered to eligible executives who are of Manager rank and above, including non-executive Directors. Options granted are exercisable for a period commencing after the 1st anniversary and expiring on the 10th anniversary of the respective dates of grant except for options granted to Non-executive Directors which are exercisable up to 5 years. One-third of the share options granted will vest each financial year after the 1st anniversary of the respective dates of grant and options granted fully vested after the 3rd anniversary. OCBC Ltd has ceased granting share options under the ESOS effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by recipients.

The options will lapse immediately on the termination of employment, except in the event of retirement, redundancy, death, or where approved by the relevant approving authorities at OCBC Ltd, in which case the relevant approving authorities may allow the options to be retained and exercisable within the relevant option periods or such option periods as may be determined.

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19 OTHER LIABILITIES (continued)

(b) Equity compensation benefits (continued)

(ii) OCBC Share Option Scheme 2001 ("ESOS") (continued)

Movements in the number of options and weighted average exercise prices, denominated in Singapore dollar (S\$), are as follows:

	2024		2023	
	Number of share options	Weighted average acquisition price (S\$)	Number of share options	Weighted average acquisition price (S\$)
Group				
At 1 January	132,847	12.855	173,312	12.283
Exercised	(64,250)	12.337	(34,220)	9.868
Forfeited/Lapsed	-	-	(6,245)	13.340
At 31 December	<u>68,597</u>	13.340	<u>132,847</u>	12.855
Exercisable at 31 December	<u>68,597</u>	13.340	<u>132,847</u>	12.855
Weighted average share price underlying the options exercised (S\$)		14.263		12.619

Details of the options outstanding and exercisable are as follows:

Grant year	Grant date	Exercise period	Acquisition price (S\$)	2024	2023
				Number of share options	Number of share options
2015	16/03/2015	16/03/2016 to 15/03/2025	10.378	-	13,659
2016	16/03/2016	16/03/2017 to 15/03/2026	8.814	-	5,295
2018	22/03/2018	22/03/2019 to 21/03/2028	13.340	68,597	113,893
				<u>68,597</u>	<u>132,847</u>

	2024		2023	
	Number of share options	Weighted average acquisition price (S\$)	Number of share options	Weighted average acquisition price (S\$)
Bank				
At 1 January	122,000	12.812	162,465	12.212
Exercised	(64,250)	12.337	(34,220)	9.868
Forfeited/Lapsed	-	-	(6,245)	11.287
At 31 December	<u>57,750</u>	13.340	<u>122,000</u>	12.812
Exercisable at 31 December	<u>57,750</u>	13.340	<u>122,000</u>	12.812
Weighted average share price underlying the options exercised (S\$)		14.263		12.619

Details of the options outstanding and exercisable are as follows:

Grant year	Grant date	Exercise period	Acquisition price (S\$)	2024	2023
				Number of share options	Number of share options
2015	16/03/2015	16/03/2016 to 15/03/2025	10.378	-	13,659
2016	16/03/2016	16/03/2017 to 15/03/2026	8.814	-	5,295
2018	22/03/2018	22/03/2019 to 21/03/2028	13.340	57,750	103,046
				<u>57,750</u>	<u>122,000</u>

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19 OTHER LIABILITIES (continued)

(b) Equity compensation benefits (continued)

(iii) OCBC Employee Share Purchase Plan (“ESPP”)

The ESPP was implemented for all employees of the participating companies in OCBC Group, including executive Directors.

The ESPP is a saving-based share ownership plan to help employees own ordinary shares in OCBC Ltd through their monthly contributions via deductions from payroll and/or from Employees' 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 ESPP, OCBC pays interest on the amounts saved at a preferential interest rate. The duration of the offering period is 24 months.

In July 2024, OCBC Ltd launched its nineteenth offering of ESPP for its employees, which commenced on 1 September 2024 and will expire on 31 August 2026. Under the offering, OCBC Ltd granted the Group and the Bank employees 723,105 (2023: 745,895) and 718,295 (2023: 738,829) rights to acquire ordinary shares in OCBC Ltd. The fair value of the Group's and the Bank's employees' rights for OCBC Ltd shares, determined using the binomial valuation model, was S\$445,577 (2023: S\$555,916) and S\$442,613 (2023: S\$601,400) respectively. Significant inputs to the valuation model are set out below:

	<u>2024</u>	<u>2023</u>
Acquisition price (S\$)	14.45	12.47
Closing share price at valuation date (S\$)	14.80	12.94
Expected volatility based on historical volatility as of acceptance date (%)	13.19	12.97
Singapore government bond yields (%)	2.83	3.36
Expected dividend yield (%)	6.54	4.91

Movements in the number of acquisition rights of the ESPP are as follows:

	<u>2024</u>		<u>2023</u>	
<u>Group</u>	Number of share options	Weighted average acquisition price (S\$)	Number of share options	Weighted average acquisition price (S\$)
At 1 January	1,379,241	12.278	1,448,713	11.848
Acquired	723,105	14.450	745,895	12.470
Forfeited/Lapsed	(158,858)	12.571	(238,912)	11.903
Exercised and converted upon expiry	(637,791)	12.099	(576,455)	11.602
At 31 December	<u>1,305,697</u>	13.532	<u>1,379,241</u>	12.278
Weighted average share price underlying acquisition rights exercised/converted (S\$)		14.820		12.649
<u>Bank</u>				
At 1 January	1,366,133	12.278	1,433,316	11.848
Acquired	718,295	14.450	738,829	12.470
Forfeited/Lapsed	(156,335)	12.576	(235,157)	11.901
Exercised and converted upon expiry	(631,924)	12.099	(570,855)	11.603
At 31 December	<u>1,296,169</u>	13.533	<u>1,366,133</u>	12.278
Weighted average share price underlying acquisition rights exercised/converted (S\$)		14.820		12.649

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19 OTHER LIABILITIES (continued)

(c) ECL allowance for loan commitments and financial guarantees

The movements in ECL allowance for loan commitments and financial guarantees are as follows:

<u>Group</u>	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
2024				
At 1 January	108,478	107,671	44,105	260,254
Transferred to Stage 1	79,282	(79,282)	-	-
Transferred to Stage 2	(15,858)	15,858	-	-
Transferred to Stage 3	(33)	(1,826)	1,859	-
New financial assets originated or purchased	85,099	19,886	-	104,985
Financial assets derecognised	(38,146)	(31,449)	-	(69,595)
Net remeasurement during the year	(83,558)	74,063	(9,985)	(19,480)
Other movements	(2,267)	(90)	421	(1,936)
At 31 December	132,997	104,831	36,400	274,228
2023				
At 1 January	40,145	177,094	44,919	262,158
Transferred to Stage 1	150,639	(150,639)	-	-
Transferred to Stage 2	(9,588)	9,588	-	-
Transferred to Stage 3	(18)	(15,131)	15,149	-
New financial assets originated or purchased	45,970	30,942	28,951	105,863
Financial assets derecognised	(10,736)	(43,300)	(12,745)	(66,781)
Net remeasurement during the year	(108,094)	98,907	(32,169)	(41,356)
Other movements	160	210	-	370
At 31 December	108,478	107,671	44,105	260,254
Bank				
2024				
At 1 January	95,450	89,842	28,951	214,243
Transferred to Stage 1	72,133	(72,133)	-	-
Transferred to Stage 2	(13,528)	13,528	-	-
Transferred to Stage 3	(31)	(1,441)	1,472	-
New financial assets originated or purchased	74,283	17,669	-	91,952
Financial assets derecognised	(32,711)	(24,100)	-	(56,811)
Net remeasurement during the year	(77,884)	66,518	(10,596)	(21,962)
Other movements	(2,147)	(75)	346	(1,876)
At 31 December	115,565	89,808	20,173	225,546
2023				
At 1 January	36,888	136,052	17,177	190,117
Transferred to Stage 1	123,210	(123,210)	-	-
Transferred to Stage 2	(8,591)	8,591	-	-
Transferred to Stage 3	(18)	(13,969)	13,987	-
New financial assets originated or purchased	42,392	21,073	28,951	92,416
Financial assets derecognised	(9,511)	(28,299)	-	(37,810)
Net remeasurement during the year	(89,065)	89,557	(31,164)	(30,672)
Other movements	145	47	-	192
At 31 December	95,450	89,842	28,951	214,243

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20 SUBORDINATED BONDS

<u>Group and Bank</u>	Note	2024 RM'000	2023 RM'000
RM550 million Redeemable Subordinated Bond 2020/2030	(a)	550,000	550,000
RM500 million Redeemable Subordinated Bond 2022/2032	(b)	500,000	500,000
		<u>1,050,000</u>	<u>1,050,000</u>

(a) On 4 November 2020 (the Issue Date), the Bank issued RM550 million Basel III-compliant redeemable 10 years non-callable 5 years subordinated bond, at a coupon rate of 2.90% per annum payable semi-annually from and including the Issue Date up to (but excluding) the maturity date or the date of early redemption of the subordinated bond, whichever is earlier. The 2.90% Subordinated Bonds may, subject to BNM approval, be redeemed in whole or in part, at the option of the Bank on or after 4 November 2025 (First Call Date). The subordinated bond may also be redeemed if a qualifying tax event or a change of qualification event occurs. The subordinated bond can be written off in whole or in part if the Bank is determined by BNM and/or Perbadanan Insurans Deposit Malaysia ("PIDM") to be non-viable. The subordinated bond is subscribed by OCBC Ltd and qualifies as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

(b) On 27 October 2022 (the Issue Date), the Bank issued RM500 million Basel III-compliant redeemable 10 years non-callable 5 years subordinated bond, at a coupon rate of 4.91% per annum payable semi-annually from and including the Issue Date up to (but excluding) the maturity date or the date of early redemption of the subordinated bond, whichever is earlier. The 4.91% Subordinated Bonds may, subject to BNM approval, be redeemed in whole or in part, at the option of the Bank on or after 27 October 2027 (First Call Date). The subordinated bond may also be redeemed if a qualifying tax event or a change of qualification event occurs. The subordinated bond can be written off in whole or in part if the Bank is determined by BNM and/or PIDM to be non-viable. The subordinated bond is subscribed by OCBC Ltd and qualifies as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

21 SHARE CAPITAL

<u>Group and Bank</u>	2024		2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid				
Ordinary shares				
At 1 January and 31 December	287,500	754,000	287,500	754,000

The ordinary shareholder is entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Bank.

22 RESERVES

The detailed breakdown of the reserves are shown in the Consolidated Statement of Changes in Equity and Statement of Changes in Equity for the Group and the Bank respectively.

Regulatory reserve is maintained in compliance with the requirements under BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions to maintain, in aggregate, loss allowance for non credit-impaired exposures (Stage 1 and Stage 2 ECL) and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures (Stage 3 ECL).

ECL reserve comprises ECL allowance for financial investments at FVOCI. The ECL allowance will be reversed to profit or loss upon disposal or derecognition of the financial instruments.

Fair value reserve comprises fair value of both debt and equity financial investments at FVOCI. The cumulative fair value adjustments for debt instruments at FVOCI will be reversed to profit or loss upon disposal or derecognition of the financial instruments. The cumulative fair value adjustments for equity instruments at FVOCI will be reversed from this reserve to retained earnings upon disposal or derecognition of the financial instruments.

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23 NET INTEREST INCOME

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans, advances and financing				
- Interest income other than recoveries	2,646,930	2,524,393	2,646,930	2,524,394
- Recoveries from credit-impaired loans, advances and financing	84,419	109,877	84,419	109,877
- Discount unwind from credit-impaired loans, advances and financing	16,034	27,271	16,034	27,271
Money at call and deposit placements with banks and other financial institutions	78,437	104,723	301,598	241,070
Financial investments at FVOCI	733,341	641,140	733,341	641,140
Others	55,082	26,023	55,082	26,023
	<u>3,614,243</u>	<u>3,433,427</u>	<u>3,837,404</u>	<u>3,569,775</u>
Financial assets at FVTPL	103,196	63,794	103,196	63,794
	<u>3,717,439</u>	<u>3,497,221</u>	<u>3,940,600</u>	<u>3,633,569</u>
Interest expense				
Deposits from customers	(1,488,462)	(1,316,072)	(1,488,771)	(1,315,831)
Deposits and placements of banks and other financial institutions	(271,033)	(268,595)	(344,730)	(312,545)
Subordinated bonds	(40,611)	(40,500)	(40,611)	(40,500)
Lease liabilities	(840)	(606)	(840)	(607)
Others	(50,616)	(70,883)	(187,483)	(152,503)
	<u>(1,851,562)</u>	<u>(1,696,656)</u>	<u>(2,062,435)</u>	<u>(1,821,986)</u>
Net interest income	<u>1,865,877</u>	<u>1,800,565</u>	<u>1,878,165</u>	<u>1,811,583</u>

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income				
- Financial assets at FVTPL	103,196	63,794	103,196	63,794
- Loans and receivables at amortised cost	2,880,902	2,792,287	3,104,063	2,928,635
- Financial investments at FVOCI	733,341	641,140	733,341	641,140
	<u>3,717,439</u>	<u>3,497,221</u>	<u>3,940,600</u>	<u>3,633,569</u>
Interest expense				
- Liabilities at amortised cost	(1,851,562)	(1,696,656)	(2,062,435)	(1,821,986)
	<u>1,865,877</u>	<u>1,800,565</u>	<u>1,878,165</u>	<u>1,811,583</u>

(a) By category of financial instruments

Interest income				
- Financial assets at FVTPL	103,196	63,794	103,196	63,794
- Loans and receivables at amortised cost	2,880,902	2,792,287	3,104,063	2,928,635
- Financial investments at FVOCI	733,341	641,140	733,341	641,140
	<u>3,717,439</u>	<u>3,497,221</u>	<u>3,940,600</u>	<u>3,633,569</u>
Interest expense				
- Liabilities at amortised cost	(1,851,562)	(1,696,656)	(2,062,435)	(1,821,986)
	<u>1,865,877</u>	<u>1,800,565</u>	<u>1,878,165</u>	<u>1,811,583</u>

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24 INCOME FROM ISLAMIC BANKING OPERATIONS

<u>Group</u>	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds and others	545,616	557,108
Income derived from investment of investment account funds	300,806	179,387
Income derived from investment of shareholder's funds	182,649	166,706
Income attributable to depositors and others	(242,254)	(239,692)
Income attributable to investment account holder	(210,564)	(125,571)
	<u>576,253</u>	<u>537,938</u>

25 NET FEE AND COMMISSION INCOME

	<u>Group</u>		<u>Bank</u>	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Commission	218,384	185,892	211,911	181,516
Service charges and fees	152,606	147,641	152,606	147,641
Other fee income	7,095	8,068	7,095	8,068
	<u>378,085</u>	<u>341,601</u>	<u>371,612</u>	<u>337,225</u>

Included in the Group's and the Bank's commission income are net fee income on loans, advances and financing from holding company and related companies amounting to RM111 million (2023: RM103 million).

26 NET TRADING INCOME

	<u>Group</u>		<u>Bank</u>	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Foreign exchange gain/(loss)	211,848	(483,492)	211,848	(483,491)
Realised gain on financial assets at FVTPL	53,458	28,151	53,458	28,151
Realised gain on trading derivatives	322,923	526,758	322,923	526,758
Unrealised (loss)/gain on financial assets at FVTPL	(10,304)	1,605	(10,304)	1,605
Unrealised (loss)/gain on trading derivatives	(111,668)	332,319	(111,668)	332,319
	<u>466,257</u>	<u>405,341</u>	<u>466,257</u>	<u>405,342</u>

27 OTHER OPERATING INCOME

	<u>Group</u>		<u>Bank</u>	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Gain/(loss) on disposal:				
- Financial investments at FVOCI	3,510	17,564	3,510	17,564
- Property and equipment	(103)	(8)	(103)	(8)
Gross dividends from financial investments at FVOCI, in Malaysia	599	599	599	599
Rental of premises	4,324	3,953	4,386	4,009
Rental of safe deposit boxes	8,036	6,933	8,036	6,933
Shared services fee income received from subsidiaries (Note 36)	-	-	151,505	134,219
Shared services fee income received from holding company and related companies (Note 36)	24,389	24,140	24,389	24,140
Net unrealised loss on hedging derivatives	(1,889)	(599)	(1,889)	(599)
Others	(482)	(5,869)	(482)	(6,351)
	<u>38,384</u>	<u>46,713</u>	<u>189,951</u>	<u>180,506</u>

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28 OPERATING EXPENSES

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personnel expenses					
Wages, salaries and bonus		622,802	585,870	603,834	565,326
Employees Provident Fund contributions		93,672	89,541	90,748	86,398
Share-based costs		13,009	15,067	12,574	14,673
Others		62,329	67,717	59,012	64,499
		<u>791,812</u>	<u>758,195</u>	<u>766,168</u>	<u>730,896</u>
Establishment expenses					
Depreciation of property and equipment		18,459	20,370	17,467	19,303
Depreciation of ROU assets		14,057	13,014	12,543	11,515
Rental of premises	(a)	300	277	331	277
Repair and maintenance		13,284	12,770	12,757	12,213
Information technology costs		39,827	42,148	39,122	41,550
Hire of equipment	(a)	1,125	915	1,045	845
Others		17,332	17,637	15,347	15,742
		<u>104,384</u>	<u>107,131</u>	<u>98,612</u>	<u>101,445</u>
Marketing expenses					
Advertisement and business promotion		21,763	19,685	21,544	19,129
Transport and travelling		4,904	5,069	4,802	4,951
Others		2,539	3,259	2,349	3,192
		<u>29,206</u>	<u>28,013</u>	<u>28,695</u>	<u>27,272</u>
General administrative expenses					
Auditors' remuneration					
- Statutory audit fees		969	889	769	697
- Audit related fees		203	544	141	417
- Non-audit related		463	335	386	278
IT and transaction processing fees (Note 36)		425,140	420,119	401,756	398,159
Others		173,460	150,397	162,315	139,107
		<u>600,235</u>	<u>572,284</u>	<u>565,367</u>	<u>538,658</u>
Total operating expenses		<u>1,525,637</u>	<u>1,465,623</u>	<u>1,458,842</u>	<u>1,398,271</u>

(a) These expenses are in respect of short-term and/or low-value item leases which the Group and the Bank elected not to recognise as ROU assets and lease liabilities under MFRS 16.

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29 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKERS REMUNERATION

(a) The remuneration of the CEO and the Directors during the year are as follows:

Group	2024					2023						
	Unrestricted	Deferred	Employees	Shares	Total	Unrestricted	Deferred	Employees	Shares	Total		
	Salaries and fees* RM'000	Variable bonuses RM'000	Benefits-in-kind RM'000	Provident Fund RM'000	options^ RM'000	Salaries and fees* RM'000	Variable bonuses RM'000	Benefits-in-kind RM'000	Provident Fund RM'000	and share options^ RM'000	RM'000	
CEO of the Bank												
Christopher Tan Chor Sen	1,913	2,548	232	40	1,677	6,410	2,000	2,560	201	31	1,697	6,489
CEO of OCBC Al-Amin												
Syed Abdull Aziz Jailani												
Bin Syed Kechik	983	462	19	231	308	2,003	977	456	15	229	304	1,981
Non-executive Directors												
Ayesha Natchiar Binti												
Ally Maricar												
(Appointed on 3 July 2023)	321	-	-	-	-	321	196	-	-	-	-	196
George Lee Lap Wah	401	-	-	-	-	401	274	-	-	-	-	274
Ismail bin Alowi	250	-	-	-	-	250	232	-	-	-	-	232
Janet Yap Seong Yong	217	-	-	-	-	217	208	-	-	-	-	208
Mevin Nevis a/l AF Nevis	232	-	-	-	-	232	214	-	-	-	-	214
Dato' Shamsuddin Bin												
Mohd Mahayidin												
(Appointed on 15 March 2024)	158	-	-	-	-	158	-	-	-	-	-	-
Tan Fong Sang	227	-	-	-	-	227	-	-	-	-	-	-
Tan Ngiap Joo												
(Retired on 30 September 2024)	600	-	-	-	-	600	800	-	-	-	-	800
Andrew Lee Kok Keng												
(Resigned on 29 February 2024)	54	-	-	-	-	54	267	-	-	-	-	267
Tong Hon Keong												
(Retired on 20 July 2023)	-	-	-	-	-	-	141	-	-	-	-	141
Ng Hon Soon												
(Retired on 15 July 2023)	-	-	-	-	-	-	142	-	-	-	-	142
	5,356	3,010	251	271	1,985	10,873	5,451	3,016	216	260	2,001	10,944

* Excluding Sales and Service Tax.

^ Deferred shares and share options are awarded/granted under the OCBC Share Plans as disclosed in Note 19(b) to the financial statements.

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29 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKERS REMUNERATION (continued)

(a) The remuneration of the CEO and the Directors during the year are as follows: (continued)

	<i>Unrestricted</i>					<i>2024</i>	<i>Unrestricted</i>					<i>2023</i>
	<i>Salaries and fees*</i>	<i>Variable bonuses</i>	<i>Benefits-in-kind</i>	<i>Employees Provident Fund</i>	<i>Shares and options^</i>		<i>Salaries and fees*</i>	<i>Variable bonuses</i>	<i>Benefits-in-kind</i>	<i>Employees Provident Fund</i>	<i>Shares and share options^</i>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank												
CEO												
Christopher Tan Chor Sen	1,913	2,548	232	40	1,677	6,410	2,000	2,560	201	31	1,697	6,489
Non-executive Directors												
Ayesha Natchiar Binti Ally Maricar (Appointed on 3 July 2023)	235	-	-	-	-	235	116	-	-	-	-	116
George Lee Lap Wah	336	-	-	-	-	336	274	-	-	-	-	274
Janet Yap Seong Yong	217	-	-	-	-	217	208	-	-	-	-	208
Dato' Shamsuddin Bin Mohd Mahayidin (Appointed on 15 March 2024)	158	-	-	-	-	158	-	-	-	-	-	-
Tan Ngiap Joo (Retired on 30 September 2024)	394	-	-	-	-	394	525	-	-	-	-	525
Tong Hon Keong (Retired on 20 July 2023)	-	-	-	-	-	-	141	-	-	-	-	141
	3,253	2,548	232	40	1,677	7,750	3,264	2,560	201	31	1,697	7,753

* Excluding Sales and Service Tax.

^ Deferred shares and share options are awarded/granted under the OCBC Share Plans as disclosed in Note 19(b) to the financial statements.

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29 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKERS REMUNERATION (continued)

(b) The remuneration of senior management (including the CEO of the Bank and the CEO of the Islamic Banking subsidiary) and other material risk takers are as follows:

<u>Group</u>	2024				2023			
	Unrestricted RM'000	Deferred RM'000	Total RM'000	Number of officers	Unrestricted RM'000	Deferred RM'000	Total RM'000	Number of officers
Senior Management								
<i>Fixed remuneration</i>								
Cash-based								
Sign-on awards	54	-	54	1	-	-	-	-
Others	19,375	-	19,375		17,845	-	17,845	
Others	531	-	531		504	-	504	
	<u>19,960</u>	<u>-</u>	<u>19,960</u>		<u>18,349</u>	<u>-</u>	<u>18,349</u>	
<i>Variable remuneration</i>								
Cash-based	10,886	-	10,886	30	10,452	-	10,452	26
Shares and share options	-	5,615	5,615	16	-	5,472	5,472	17
	<u>10,886</u>	<u>5,615</u>	<u>16,501</u>		<u>10,452</u>	<u>5,472</u>	<u>15,924</u>	
Other material risk takers								
<i>Fixed remuneration</i>								
Cash-based								
Sign-on awards	-	-	-	-	210	-	210	2
Others	25,980	-	25,980		24,306	-	24,306	
Others	461	-	461		363	-	363	
	<u>26,441</u>	<u>-</u>	<u>26,441</u>		<u>24,879</u>	<u>-</u>	<u>24,879</u>	
<i>Variable remuneration</i>								
Cash-based	11,106	-	11,106	49	8,653	-	8,653	46
Shares and share options	-	4,334	4,334	23	-	2,822	2,822	21
	<u>11,106</u>	<u>4,334</u>	<u>15,440</u>		<u>8,653</u>	<u>2,822</u>	<u>11,475</u>	

Other than the above, no senior management nor other material risk takers received any guaranteed bonuses, sign-on awards and severance payments.

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29 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKERS REMUNERATION (continued)

(b) The remuneration of senior management (including the CEO of the Bank and the CEO of the Islamic Banking subsidiary) and other material risk takers are as follows: (continued)

<u>Bank</u>	2024				2023			
	Unrestricted RM'000	Deferred RM'000	Total RM'000	Number of officers	Unrestricted RM'000	Deferred RM'000	Total RM'000	Number of officers
Senior Management								
<i>Fixed remuneration</i>								
Cash-based								
Sign-on awards	54	-	54	1	-	-	-	-
Others	16,577	-	16,577		15,185	-	15,185	
Others	455	-	455		476	-	476	
	<u>17,086</u>	<u>-</u>	<u>17,086</u>		<u>15,661</u>	<u>-</u>	<u>15,661</u>	
<i>Variable remuneration</i>								
Cash-based								
Shares and share options	9,821	-	9,821	23	9,314	-	9,314	20
	-	5,307	5,307	15	-	5,168	5,168	16
	<u>9,821</u>	<u>5,307</u>	<u>15,128</u>		<u>9,314</u>	<u>5,168</u>	<u>14,482</u>	
Other material risk takers								
<i>Fixed remuneration</i>								
Cash-based								
Sign-on awards	-	-	-	-	210	-	210	2
Others	25,980	-	25,980		24,306	-	24,306	
Others	461	-	461		363	-	363	
	<u>26,441</u>	<u>-</u>	<u>26,441</u>		<u>24,879</u>	<u>-</u>	<u>24,879</u>	
<i>Variable remuneration</i>								
Cash-based								
Shares and share options	11,106	-	11,106	49	8,653	-	8,653	46
	-	4,334	4,334	23	-	2,822	2,822	21
	<u>11,106</u>	<u>4,334</u>	<u>15,440</u>		<u>8,653</u>	<u>2,822</u>	<u>11,475</u>	

Other than the above, no senior management nor other material risk takers received any guaranteed bonuses, sign-on awards and severance payments.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

29 KEY MANAGEMENT AND OTHER MATERIAL RISK TAKERS REMUNERATION (continued)

(c) Outstanding deferred remuneration

<u>Group</u>	2024			2023		
	Senior management RM'000	Other material risk takers RM'000	Total RM'000	Senior management RM'000	Other material risk takers RM'000	Total RM'000
Share and share options						
Exposed to ex-post explicit and implicit adjustments	18,188	11,443	29,631	18,986	8,763	27,749
Deferred remuneration paid out during the year	4,598	2,276	6,874	3,835	2,793	6,628
Reduction during the year due to:						
(i) Ex-post explicit adjustments (such as malus, clawbacks or similar reversals of downward revaluations of awards)	-	-	-	-	-	-
(ii) Ex-post implicit adjustments (such as fluctuations in the value of shares or performance units)	-	-	-	-	-	-
<u>Bank</u>						
Share and share options						
Exposed to ex-post explicit and implicit adjustments	17,049	11,443	28,492	17,717	8,763	26,480
Deferred remuneration paid out during the year	4,183	2,276	6,459	3,465	2,793	6,258
Reduction during the year due to:						
(i) Ex-post explicit adjustments (such as malus, clawbacks or similar reversals of downward revaluations of awards)	-	-	-	-	-	-
(ii) Ex-post implicit adjustments (such as fluctuations in the value of shares or performance units)	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**30 IMPAIRMENT ALLOWANCES AND PROVISIONS**

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans, advances, financing and commitments				
Stage 1 and 2 ECL net charge during the year	142,767	55,839	132,600	82,225
Stage 3 ECL				
- Made during the year	251,463	481,496	197,783	367,062
- Write-back during the year	(226,023)	(301,633)	(151,940)	(222,895)
- Recovered during the year	(123,853)	(71,545)	(100,590)	(53,028)
Investment account placements				
Stage 1 and 2 ECL net charge/(write-back) during the year	-	-	512	(1,366)
Stage 3 ECL net write-back during the year	-	-	(14,796)	(10,210)
Financial investments at FVOCI				
Stage 1 and 2 ECL net charge during the year	1,771	873	1,675	865
Other financial assets				
Stage 1 and 2 ECL net charge/(write-back) during the year	182	(32)	177	(25)
Stage 3 ECL net charge during the year	37	11	37	11
	<u>46,344</u>	<u>165,009</u>	<u>65,458</u>	<u>162,639</u>

31 INCOME TAX EXPENSE

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysian income tax				
- Current year	458,681	400,464	366,819	322,990
- Prior years	9,205	(3,595)	9,569	1,216
	<u>467,886</u>	<u>396,869</u>	<u>376,388</u>	<u>324,206</u>
Deferred tax (Note 16)				
- Origination and reversal of temporary differences	(33,093)	(34,764)	(30,497)	(35,994)
- Prior years	(8,775)	22,115	(9,086)	18,900
	<u>(41,868)</u>	<u>(12,649)</u>	<u>(39,583)</u>	<u>(17,094)</u>
	<u>426,018</u>	<u>384,220</u>	<u>336,805</u>	<u>307,112</u>

The reconciliation between the average effective tax rate and the applicable statutory tax rate is as follows:

Note	Group		Bank	
	2024 %	2023 %	2024 %	2023 %
Malaysian prevailing corporate tax rate	24.00	24.00	24.00	24.00
Tax effect of:				
Expenses not deductible for tax purposes	0.30	0.37	0.36	0.47
Income not subject to tax	(0.02)	(0.01)	(0.01)	(0.01)
Under/(Over) provision in prior years:				
- Income tax	0.53	(0.24)	0.69	0.10
- Deferred tax	(0.51)	1.46	(0.66)	1.61
Average effective tax rate	<u>24.30</u>	<u>25.58</u>	<u>24.38</u>	<u>26.17</u>

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31 INCOME TAX EXPENSE (continued)

(a) The Group and the Bank are part of Oversea-Chinese Banking Corporation Limited and its subsidiaries, a multinational enterprise group that is within the scope of the Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules. Pillar Two legislation was enacted in Malaysia, the jurisdiction in which the Group and the Bank are incorporated, and came into effect from 1 January 2025.

The Group and the Bank apply the MFRS 112 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group and the Bank do not have any exposure to Pillar Two legislation as at 31 December 2024.

Based on management’s assessment, the Group and the Bank do not expect any material impact from exposure to Pillar Two legislation in the financial year 2025.

32 BASIC EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share of the Group and of the Bank are calculated by dividing profit attributable to ordinary equity holder of the Group and of the Bank by the weighted average number of ordinary shares in issue during the financial year. The Group and the Bank have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares.

	Group		Bank	
	2024	2023	2024	2023
Profit attributable to ordinary equity holder of the Group (RM'000)	1,326,807	1,117,256	1,044,880	866,634
Weighted average number of ordinary shares in issue ('000)	287,500	287,500	287,500	287,500
Basic earnings per share (sen)	461.5	388.6	363.4	301.4

33 DIVIDENDS

	Sen per share	Total amount RM'000	Date of payment
2024			
Final 2023 ordinary	91.00	261,625	03/05/2024
Interim 2024 ordinary	148.00	<u>425,500</u>	12/09/2024
2023			
Final 2022 ordinary	151.00	434,125	25/05/2023
Interim 2023 ordinary	163.00	<u>468,625</u>	24/10/2023

The Directors recommend a final dividend of 152 sen per ordinary share in respect of the current financial year amounting to RM437,000,000. This dividend will be accounted for in the shareholders’ equity as an appropriation of retained earnings in the subsequent financial period upon approval by the shareholder of the Bank.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**34 COMMITMENTS AND CONTINGENCIES**

- (a) In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The credit equivalent and risk weighted amounts are computed using the credit conversion factors and risk weights as defined in BNM's Capital Adequacy Framework (Basel II) - Internal Ratings Approach.

<u>Group</u>	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
2024			
Transaction-related contingent items	4,050,655	2,065,099	1,255,434
Short-term self-liquidating trade-related contingencies	297,976	62,476	36,608
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions	519,677	519,677	242
Foreign exchange related contracts			
- One year or less	36,856,417	548,208	225,231
- Over one year to five years	2,937,067	312,785	75,617
- Over five years	440,658	92,822	63,382
Interest rate related contracts			
- One year or less	9,178,215	4,722	3,263
- Over one year to five years	39,676,724	337,294	64,715
- Over five years	1,428,558	106,512	45,557
Equity and commodity related contracts	2,569,318	87,742	33,793
Credit derivative contracts	1,280,070	-	-
Formal standby facilities and credit lines			
- Maturity not exceeding one year	269,576	202,182	190,022
- Original maturity exceeding one year	4,819,986	4,026,381	2,591,996
Other unconditionally cancellable commitments	25,760,027	2,428,153	301,448
Total	130,084,924	10,794,053	4,887,308
2023			
Direct credit substitutes	20,973	20,973	3,388
Transaction-related contingent items	3,526,968	1,801,535	876,698
Short-term self-liquidating trade-related contingencies	214,020	46,461	24,016
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions	93,038	93,038	28
Foreign exchange related contracts			
- One year or less	30,402,524	490,625	145,736
- Over one year to five years	4,566,068	537,420	102,689
- Over five years	20,585	5,285	3,876
Interest rate related contracts			
- One year or less	15,634,700	3,582	194
- Over one year to five years	31,088,450	348,627	55,645
- Over five years	1,752,940	136,838	50,984
Equity and commodity related contracts	2,418,524	24,223	13,497
Credit derivative contracts	1,703,018	-	-
Formal standby facilities and credit lines			
- Maturity not exceeding one year	665,635	499,226	208,379
- Original maturity exceeding one year	7,011,891	5,618,963	4,113,604
Other unconditionally cancellable commitments	25,308,171	2,146,639	265,244
Total	124,427,505	11,773,435	5,863,978

The fair value of derivatives are recognised as derivative financial assets and liabilities in Note 10.

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34 COMMITMENTS AND CONTINGENCIES (continued)

<u>Bank</u>	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
2024			
Transaction-related contingent items	3,642,401	1,856,576	1,111,126
Short-term self-liquidating trade-related contingencies	223,806	47,234	28,406
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions	109,393	109,393	242
Foreign exchange related contracts			
- One year or less	37,018,742	548,290	225,083
- Over one year to five years	2,943,253	312,785	61,308
- Over five years	440,658	92,822	63,382
Interest rate related contracts			
- One year or less	9,178,215	4,723	3,263
- Over one year to five years	39,676,724	337,294	64,715
- Over five years	1,428,558	106,512	45,557
Equity and commodity related contracts	2,569,318	87,742	33,793
Credit derivative contracts	1,280,070	-	-
Formal standby facilities and credit lines			
- Maturity not exceeding one year	268,757	201,568	189,751
- Original maturity exceeding one year	3,986,625	3,354,678	2,157,703
Other unconditionally cancellable commitments	23,018,647	2,180,062	265,273
Total	<u>125,785,167</u>	<u>9,239,679</u>	<u>4,249,602</u>
2023			
Direct credit substitutes	18,257	18,257	2,686
Transaction-related contingent items	3,139,895	1,604,831	756,906
Short-term self-liquidating trade-related contingencies	179,951	39,647	20,705
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions	93,038	93,038	28
Foreign exchange related contracts			
- One year or less	30,714,831	491,377	145,145
- Over one year to five years	4,557,070	537,420	85,002
- Over five years	20,585	5,284	3,875
Interest rate related contracts			
- One year or less	15,634,700	3,582	194
- Over one year to five years	31,088,450	348,627	55,645
- Over five years	1,752,940	136,838	50,985
Equity and commodity related contracts	2,418,524	24,223	13,497
Credit derivative contracts	1,703,018	-	-
Formal standby facilities and credit lines			
- Maturity not exceeding one year	637,635	478,226	188,623
- Original maturity exceeding one year	6,165,123	4,966,246	3,632,149
Other unconditionally cancellable commitments	22,172,943	1,960,596	241,590
Total	<u>120,296,960</u>	<u>10,708,192</u>	<u>5,197,030</u>

The fair value of derivatives are recognised as derivative financial assets and liabilities in Note 10.

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34 COMMITMENTS AND CONTINGENCIES (continued)

(b) Litigation

On 25 January 2019, a Borrower of the Bank, with outstanding credit facilities comprising loans of RM6.7 million and banker's acceptances of RM11.6 million including accrued interest at the time, filed a suit against the Bank alleging, inter alia, that the Bank had breached its contract and duty of care towards the Borrower. On 22 January 2021, the High Court awarded the Borrower with RM289 million as damages together with statutory interest as well as aggravated and exemplary damages which amounts were to be assessed. On 30 January 2023, the Court of Appeal ("CA") set aside the High Court decision dated 22 January 2021 and dismissed the Borrower's suit with a cost of RM80,000 in favour of the Bank. On 27 June 2023, the CA dismissed the Borrower's application to set aside the CA's decision and on 3 July 2023, the Federal Court ("FC") dismissed the Borrower's application to appeal against the CA decision and awarded cost of RM30,000 (subject to allocator) to the Bank. The Borrower then filed an application to review the FC's decision to not grant leave for the Borrower to appeal against the CA decision ("Review Motion") and an application for leave to appeal to the FC against the CA's dismissal decision ("Leave Motion"). On 12 December 2023, the hearing date for the Leave Motion, the Borrower filed a Notice of Discontinuance. The FC ordered the Leave Motion to be struck out with costs of RM5,000 (subject to allocator) to the Bank. The hearing for the Review Motion initially fixed on 19 September 2024 was postponed to 6 November 2024 due to the Borrower's lawyer discharging herself from representing the Borrower because of her medical condition. A Winding up Order dated 25 September 2024 was subsequently made against the Borrower and the Borrower sought the Court's sanction to continue with the Review Motion ("the Sanction Application"). The hearing of the Sanction Application that was fixed on 16 January 2025 by the Winding-up Court was postponed to 4 February 2025 due to health reasons of the Borrower's lawyer. The Borrower obtained sanction from the Winding-up Court to proceed with the Review Motion on 4 February 2025. On 18 February 2025, the Federal Court unanimously dismissed the Review Motion with no order as to costs, given that the Borrower has been wound up. Nonetheless, the Bank will continue to monitor the case, given that there is a possibility that the Borrower may pursue a further review of the Review Motion.

35 CAPITAL COMMITMENTS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital expenditure commitments in respect of property and equipment contracted but not provided for	30,582	12,892	30,539	12,855

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purposes of these financial statements, parties are considered to be related to the Group and the Bank if:

- the Group and the Bank have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions or vice versa; or
- where the Group and the party are subject to common control or common significant influence.

Related parties may be individuals or other entities. Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly and entities that provide key management personnel services to the Group and the Bank. The key management personnel include all Directors and senior management of the Group and the Bank.

The Group and the Bank have related party relationship with the following:

- Holding company, Oversea-Chinese Banking Corporation Limited;
- Subsidiaries of the Bank as disclosed in Note 13 to the financial statements;
- Other related companies within the Oversea-Chinese Banking Corporation Limited Group; and
- Key management personnel, including close family members of key management personnel and entities that are controlled or jointly controlled by them.

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Credit exposure arising from credit transactions with connected parties

Connected parties disclosure made pursuant to BNM's Guidelines on Credit Transactions and Exposures with Connected Parties:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Aggregate value of outstanding credit exposure with connected parties[^]:				
Credit facility and leasing (except guarantee)	590,584	661,968	591,117	667,360
Commitments and contingencies [*]	625,471	676,235	779,166	845,549
	<u>1,216,055</u>	<u>1,338,203</u>	<u>1,370,283</u>	<u>1,512,909</u>
Credit-impaired or in default	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding credit exposures to connected parties				
As a proportion of total credit exposures	<u>1.42%</u>	<u>1.61%</u>	<u>2.06%</u>	<u>2.28%</u>

[^] Comprises total outstanding balances and unutilised limits.

^{*} Commitment and contingencies transactions that give rise to credit and/or counterparty risk.

(b) Key management personnel remuneration of the Group and of the Bank are disclosed in Note 29 to the financial statements.

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant transactions and outstanding balances with related parties

<u>Group</u>	2024			2023		
	Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
Income						
Interest on deposits and placements with banks and other financial institutions	1,612	-	-	1,479	-	-
Interest on loans, advances and financing	-	4,556	38	-	7,826	38
Interest on financial assets at FVTPL	-	1,671	-	-	537	-
Shared services fee income	3,884	20,505	-	3,877	20,263	-
Fee and commission income	69,522	41,145	-	51,930	51,148	-
Rental income	-	4,081	-	-	3,753	-
Other income	-	158	-	-	163	-
	75,018	72,116	38	57,286	83,690	38
Expenditure						
Interest on deposits from customers	86,314	17,737	260	41,256	29,763	232
Interest on deposits and placements of banks and other financial institutions	334,044	-	-	297,560	-	-
Interest on subordinated bonds	40,611	-	-	40,500	-	-
Commission expense	6,554	763	-	2,263	174	-
IT and transaction processing fees	-	425,140	-	-	420,119	-
Other expenses	16,216	29,547	-	18,078	17,675	-
	483,739	473,187	260	399,657	467,731	232

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant transactions and outstanding balances with related parties (continued)

Group (continued)	2024				2023			
	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
Intercompany charges paid/payable to related parties								
IT and transaction processing fees	270,068	164,795	540	435,403	258,837	160,805	477	420,119
Other expenses	18,384	17,116	-	35,500	17,176	18,577	-	35,753
	288,452	181,911	540	470,903	276,013	179,382	477	455,872

	2024			2023		
	Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
Amount due from						
Cash and cash equivalents		73,875	2,178		228,626	2,008
Deposits and placements with banks and other financial institutions		-	-		-	1,167
Financial assets at FVTPL			49,859			49,854
Interest receivables		37	318		58	225
Loans, advances and financing		-	160,000		-	141,000
Derivative financial assets		92,149	49,124		79,389	42,066
Other assets		4,258	68,080		3,245	10,736
Shared service fee receivable		572	62		109	1,130
		170,891	329,621		311,427	248,186
			758			897

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant transactions and outstanding balances with related parties (continued)

	2024			2023		
	Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
Group (continued)						
Amount due to						
Deposits from customers	2,918,643	1,063,978	8,826	1,378,970	1,454,209	7,441
Deposits and placements of banks and other financial institutions	7,750,453	-	-	3,640,636	-	-
Other liabilities	33,658	12,530	-	33,901	2,103	-
Interest payables	68,539	61	-	53,084	1,267	-
Derivative financial liabilities	75,611	10,200	-	16,807	7,912	-
Subordinated bonds	1,050,000	-	-	1,050,000	-	-
	11,896,904	1,086,769	8,826	6,173,398	1,465,491	7,441
Commitments						
Foreign exchange derivatives	6,586,669	79,931	-	3,434,289	9,844	-
Interest rate derivatives	3,263,449	418,627	-	3,022,020	1,671	-
Transaction related contingent items	111,690	20,200	-	31,545	25,345	-
	9,961,808	518,758	-	6,487,854	36,860	-

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant transactions and outstanding balances with related parties (continued)

	2024				2023			
	Holding Company RM'000	Subsidiary Companies RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Subsidiary Companies RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
Bank								
Income								
Interest on investment account placements	-	210,564	-	-	-	125,570	-	-
Interest on deposits and placements with banks and other financial institutions	1,612	12,597	-	-	1,479	10,777	-	-
Interest on loans, advances and financing	-	-	4,556	38	-	-	7,826	38
Interest on financial assets at FVTPL	-	-	1,671	-	-	-	537	-
Shared services fee income	3,884	151,505	20,505	-	3,877	134,219	20,263	-
Fee and commission income	62,263	-	38,459	-	38,591	-	48,674	-
Rental income	-	60	4,081	-	-	54	3,753	-
Other income	-	1	158	-	-	2	163	-
	<u>67,759</u>	<u>374,727</u>	<u>69,430</u>	<u>38</u>	<u>43,947</u>	<u>270,622</u>	<u>81,216</u>	<u>38</u>

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant transactions and outstanding balances with related parties (continued)

	2024				2023			
	Holding Company RM'000	Subsidiary Companies RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Subsidiary Companies RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
Bank (continued)								
Expenditure								
Interest on deposits from customers	86,314	309	14,810	256	41,256	241	23,881	230
Interest on deposits and placements of banks and other financial institutions	334,044	-	-	-	297,560	-	-	-
Interest on subordinated bonds	40,611	-	-	-	40,500	-	-	-
Fee and commission expense	6,554	-	763	-	2,263	2,058	174	-
Shared service fees	-	4,145	-	-	-	4,717	-	-
IT and transaction processing fees	-	-	401,756	-	-	-	398,159	-
Other expenses	15,647	-	28,753	-	17,511	-	16,957	-
	483,170	4,454	446,082	256	399,090	7,016	439,171	230

	2024				2023			
	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
Intercompany charges paid/payable to related parties								
Shared service fees	4,145	-	-	4,145	4,717	-	-	4,717
IT and transaction processing fees	251,015	160,466	537	412,018	240,523	157,159	477	398,159
Other expenses	17,591	16,547	-	34,138	16,458	18,010	-	34,468
	272,751	177,013	537	450,301	261,698	175,169	477	437,344

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant transactions and outstanding balances with related parties (continued)

	2024				2023			
	Holding Company RM'000	Subsidiary Companies RM'000	Other Related Companies RM'000	Key Management Personnel RM'000	Holding Company RM'000	Subsidiary Companies RM'000	Other Related Companies RM'000	Key Management Personnel RM'000
Bank (continued)								
Amount due from								
Cash and cash equivalents	54,516	68,746	1,654	-	207,519	21,682	2,008	-
Deposits and placements with banks and other financial institutions	-	172,350	-	-	-	410,880	-	-
Investment account placements	-	7,736,685	-	-	-	5,109,520	-	-
Financial assets at FVTPL	-	-	49,859	-	-	-	49,854	-
Interest receivables	37	16,383	318	-	58	10,783	225	-
Loans, advances and financing	-	-	160,000	758	-	-	141,000	897
Derivative financial assets	92,149	12,823	49,124	-	79,389	6,498	42,066	-
Other assets	4,042	-	68,077	-	3,065	163,005	10,736	-
Shared services fee receivable	562	20,749	62	-	109	13,472	1,130	-
	151,306	8,027,736	329,094	758	290,140	5,735,840	247,019	897
Amount due to								
Deposits from customers	2,918,643	67,915	826,568	8,731	1,378,970	9,725	1,035,988	7,366
Deposits and placements of banks and other financial institutions	7,750,453	-	-	-	3,640,636	-	-	-
Other liabilities	32,553	31	12,527	-	33,300	8,599	2,103	-
Interest payables	68,539	309	59	-	53,084	22	803	-
Derivative financial liabilities	75,611	43	10,200	-	16,807	8,759	7,912	-
Subordinated bonds	1,050,000	-	-	-	1,050,000	-	-	-
	11,895,799	68,298	849,354	8,731	6,172,797	27,105	1,046,806	7,366
Commitments								
Foreign exchange derivatives	6,586,486	741,289	79,374	-	3,434,289	898,343	8,759	-
Interest rate derivatives	3,263,449	-	418,627	-	3,022,020	-	1,671	-
Transaction related contingent items	111,690	-	20,200	-	31,545	-	25,345	-
	9,961,625	741,289	518,201	-	6,487,854	898,343	35,775	-

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The Group and the Bank enter 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 statement of financial position 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 and Bank's statement of financial position 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.

Types of financial assets/liabilities	Carrying amounts in the statement of financial position RM'000	Amounts not subject to netting agreement RM'000	Amounts subject to netting agreement RM'000	<i>Related amount not offset in the statements of financial position</i>		Net amount in scope RM'000
				Financial instruments RM'000	Collateral RM'000	
Group						
2024						
Derivative financial assets	952,689	(182,327)	770,362	(340,566)	(185,105)	244,691
Derivative financial liabilities	909,559	(109,818)	799,741	(340,566)	(262,604)	196,571
2023						
Derivative financial assets	1,030,620	(199,613)	831,007	(244,168)	(376,046)	210,793
Derivative financial liabilities	894,368	(152,660)	741,708	(244,168)	(352,094)	145,446
Bank						
2024						
Derivative financial assets	953,005	(182,643)	770,362	(340,566)	(185,105)	244,691
Derivative financial liabilities	909,230	(109,489)	799,741	(340,566)	(262,604)	196,571
2023						
Derivative financial assets	1,031,011	(193,671)	837,340	(244,168)	(376,046)	217,126
Derivative financial liabilities	895,137	(144,722)	750,415	(244,168)	(352,094)	154,153

38 FAIR VALUES OF FINANCIAL INSTRUMENTS

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.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of MFRS 9 which requires fair value information to be disclosed. These include property and equipment, investments in subsidiaries, tax recoverable and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

38 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

For financial assets and liabilities not carried at fair value on the statements of financial position, the Group and the Bank determined that their fair values are not materially different from the carrying amount at the reporting date. The carrying amounts and fair values of financial instruments of the Group and of the Bank are described below.

(A) Financial assets and financial liabilities

(a) Short-term financial instruments

The carrying amounts approximate the fair values of cash and cash equivalents, deposits and placements with/of banks and other financial institutions with maturity less than one year, interest/profit and other short-term receivables due to their short tenor or frequent re-pricing.

(b) Deposits and placements with/of banks and other financial institutions and investment account placements

For deposits and placements with maturity of one year or more, the fair value is estimated based on discounted cash flows using prevailing money market interest/profit rates for deposits and placements with similar remaining period to maturity.

(c) Financial assets at FVTPL and financial investments at FVOCI

The fair value of financial assets that are actively traded is determined by quoted bid prices. For non-actively traded financial investments, independent broker quotations are obtained or valuation techniques are used to fair value the financial investments. The fair value of unquoted equity instruments classified under FVOCI portfolio is estimated using internal valuation techniques.

(d) Loans, advances and financing

The fair values of variable rate loans, advances and financing are carried approximately to their carrying amounts. For fixed rate loan, advances and financing, the fair values are valued based on the expected future discounted cash flows using market rates of loan, advances and financing of similar credit risks and maturity. For impaired loans, advances and financing, the fair values are carried at amortised cost net of ECL allowance.

(e) Derivative financial assets and liabilities

Observable market data are used to determine the fair values of derivatives at FVTPL. Valuations are either based on quoted price or valuation technique. Where mid prices are used, a bid-offer spread adjustment will be made to ensure that all long positions are marked to bid prices and short positions to offer prices.

(f) Deposits from customers

For deposits with maturity of less than one year, the carrying amount is a reasonable estimate of the fair value. For deposits with maturity of one year or more, the fair value is estimated using discounted cash flows based on market rates for similar products and maturity.

(g) Bills and acceptances payable

Bills and acceptances payable are substantially with maturity of less than one year. The carrying amount of bills and acceptances payable is a reasonable estimate of the fair value.

(h) Subordinated bonds/Sukuk

Fair value for the subordinated bonds/Sukuk is determined using quoted market prices where available, or by reference to quoted market prices of similar instruments.

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38 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(A) Financial assets and financial liabilities (continued)

(i) Recourse obligation on loans sold to Cagamas Berhad

For floating rate contracts, the carrying amount is generally a reasonable estimate of the fair value. The fair value of fixed rate contracts is estimated based on discounted cash flows using prevailing rates offered by Cagamas Berhad for similar products and remaining period to maturity.

Off-balance sheet financial instruments

The fair value of off-balance sheet financial instruments is the estimated amount the Group or the Bank would receive or pay to terminate the contracts at the reporting date. The fair value of off-balance sheet financial instruments are disclosed in Note 34 to the financial statements.

(B) Fair value hierarchy of financial instruments

The Group and the Bank determine the fair values of financial assets and liabilities using various measurement. 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 (ie. as prices) or indirectly (ie. 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.

Level 3: Inputs for the valuation that are not based on observable market data.

(i) Fair value hierarchy of financial instruments carried at fair value

<u>Group</u>	<u>Level</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
2024				
Financial assets at fair value				
Financial assets at FVTPL	2,269,618	-	-	2,269,618
Financial investments at FVOCI	21,070,436	5,665,047	113,461	26,848,944
Derivative financial assets	1,430	864,606	86,653	952,689
	<u>23,341,484</u>	<u>6,529,653</u>	<u>200,114</u>	<u>30,071,251</u>
Financial liabilities at fair value				
Derivative financial liabilities	844	833,347	75,368	909,559
2023				
Financial assets at fair value				
Financial assets at FVTPL	1,879,059	-	-	1,879,059
Financial investments at FVOCI	18,614,442	3,628,272	112,617	22,355,331
Derivative financial assets	1,974	933,630	95,016	1,030,620
	<u>20,495,475</u>	<u>4,561,902</u>	<u>207,633</u>	<u>25,265,010</u>
Financial liabilities at fair value				
Derivative financial liabilities	1,277	797,454	95,637	894,368

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**38 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****(B) Fair value hierarchy of financial instruments (continued)****(i) Fair value hierarchy of financial instruments carried at fair value (continued)**

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Financial assets at fair value				
Financial assets at FVTPL	2,269,618	-	-	2,269,618
Financial investments at FVOCI	17,865,916	4,473,043	113,461	22,452,420
Derivative financial assets	1,401	864,983	86,621	953,005
	<u>20,136,935</u>	<u>5,338,026</u>	<u>200,082</u>	<u>25,675,043</u>
Financial liabilities at fair value				
Derivative financial liabilities	850	833,271	75,109	909,230
2023				
Financial assets at fair value				
Financial assets at FVTPL	1,874,038	-	-	1,874,038
Financial investments at FVOCI	15,382,216	3,429,091	112,617	18,923,924
Derivative financial assets	2,098	933,900	95,013	1,031,011
	<u>17,258,352</u>	<u>4,362,991</u>	<u>207,630</u>	<u>21,828,973</u>
Financial liabilities at fair value				
Derivative financial liabilities	1,328	798,172	95,637	895,137

Movements in the Group's and the Bank's Level 3 financial assets and liabilities are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets at fair value				
At 1 January	207,633	143,005	207,630	142,958
Realised loss				
- Recognised in net trading income	(93,855)	(29,961)	(93,852)	(29,961)
Unrealised gain				
- Recognised in net trading income	85,492	91,511	85,460	91,555
- Recognised in other comprehensive income	844	3,078	844	3,078
At 31 December	<u>200,114</u>	<u>207,633</u>	<u>200,082</u>	<u>207,630</u>
Financial liabilities at fair value				
At 1 January	95,637	30,080	95,637	30,080
Realised gain				
- Recognised in net trading income	(94,476)	(26,623)	(94,476)	(26,623)
Unrealised loss				
- Recognised in net trading income	74,207	92,180	73,948	92,180
At 31 December	<u>75,368</u>	<u>95,637</u>	<u>75,109</u>	<u>95,637</u>

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38 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(B) Fair value hierarchy of financial instruments (continued)

(i) Fair value hierarchy of financial instruments carried at fair value (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the unobservable inputs used in the valuation model:

<u>Group</u>	2024 Fair value RM'000	2023 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	113,461	112,617	FVOCI	Net asset value approach	Net asset value
Derivative financial assets	86,653	95,016	Hedge for trading	Option pricing model	Standard deviation
	<u>200,114</u>	<u>207,633</u>			
Liabilities					
Derivative financial liabilities	<u>75,368</u>	<u>95,637</u>	Hedge for trading	Option pricing model	Standard deviation
Bank					
Assets					
Financial investments at FVOCI	113,461	112,617	FVOCI	Net asset value approach	Net asset value
Derivative financial assets	86,621	95,013	Hedge for trading	Option pricing model	Standard deviation
	<u>200,082</u>	<u>207,630</u>			
Liabilities					
Derivative financial liabilities	<u>75,109</u>	<u>95,637</u>	Hedge for trading	Option pricing model	Standard deviation

The Group and the Bank consider that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

Valuation control framework

The Group has an established control 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 Risk Management Division ("RMD") and with support from Group Risk Management ("GRM") Division, is responsible for market data validation, assessment of model validation and ongoing performance monitoring.

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38 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(B) Fair value hierarchy of financial instruments (continued)

(i) Fair value hierarchy of financial instruments carried at fair value (continued)

Valuation control framework (continued)

The Treasury Financial Control & Advisory - Valuation Control function within the 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 reserves, methodologies and adjustments, independent price testing, and identifying valuation gaps. Valuation related policies are reviewed annually. Any material change to the framework is recommended by the Asset and Liability Management Committee ("ALCO") for approval by the Risk Management Committee. Internal Audit provide independent assurance on the respective divisions' compliance with the policies.

(ii) Fair value hierarchy of financial instruments not carried at fair value

The table below is a comparison of the carrying amounts and fair values of those financial instruments of the Group and the Bank which are not measured at fair value. It does not include those short term financial assets and financial liabilities where their fair values are not materially different from the carrying amounts.

<u>Group</u>	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2024				
Financial assets not carried at fair value				
Deposits and placements with banks and other financial institutions	1,487,913	-	1,487,913	1,487,913
Loans, advances and financing	-	68,257,444	68,257,444	68,291,628
	<u>1,487,913</u>	<u>68,257,444</u>	<u>69,745,357</u>	<u>69,779,541</u>
Financial liabilities not carried at fair value				
Deposits from customers	76,786,179	-	76,786,179	76,772,644
Deposits and placements of banks and other financial institutions	9,491,201	-	9,491,201	9,569,743
Subordinated bonds	1,073,117	-	1,073,117	1,050,000
	<u>87,350,497</u>	<u>-</u>	<u>87,350,497</u>	<u>87,392,387</u>
2023				
Financial assets not carried at fair value				
Deposits and placements with banks and other financial institutions	352,077	-	352,077	352,077
Loans, advances and financing	-	66,754,810	66,754,810	66,811,358
	<u>352,077</u>	<u>66,754,810</u>	<u>67,106,887</u>	<u>67,163,435</u>
Financial liabilities not carried at fair value				
Deposits from customers	75,512,086	-	75,512,086	75,501,096
Deposits and placements of banks and other financial institutions	4,598,560	-	4,598,560	4,713,152
Subordinated bonds	1,073,500	-	1,073,500	1,050,000
	<u>81,184,146</u>	<u>-</u>	<u>81,184,146</u>	<u>81,264,248</u>

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<u>Bank</u>	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2024				
Financial assets not carried at fair value				
Deposits and placements with banks and other financial institutions	1,660,263	-	1,660,263	1,660,263
Investment account placements	7,721,835	-	7,721,835	7,721,835
Loans, advances and financing	-	51,398,692	51,398,692	51,432,876
	<u>9,382,098</u>	<u>51,398,692</u>	<u>60,780,790</u>	<u>60,814,974</u>
Financial liabilities not carried at fair value				
Deposits from customers	65,927,297	-	65,927,297	65,405,360
Deposits and placements of banks and other financial institutions	9,443,107	-	9,443,107	9,521,649
Subordinated bonds	1,073,117	-	1,073,117	1,050,000
	<u>76,443,521</u>	<u>-</u>	<u>76,443,521</u>	<u>75,977,009</u>
2023				
Financial assets not carried at fair value				
Deposits and placements with banks and other financial institutions	762,957	-	762,957	762,957
Investment account placements	5,095,182	-	5,095,182	5,095,182
Loans, advances and financing	-	51,984,312	51,984,312	52,044,617
	<u>5,858,139</u>	<u>51,984,312</u>	<u>57,842,451</u>	<u>57,902,756</u>
Financial liabilities not carried at fair value				
Deposits from customers	64,079,185	-	64,079,185	64,078,587
Deposits and placements of banks and other financial institutions	4,571,943	-	4,571,943	4,686,535
Subordinated bonds	1,073,500	-	1,073,500	1,050,000
	<u>69,724,628</u>	<u>-</u>	<u>69,724,628</u>	<u>69,815,122</u>

39 HEDGING ACTIVITIES**Fair value hedge**

The Group and the Bank use fair value hedges to protect the Group and the Bank against the changes in fair value of fixed-rate long-term financial instruments due to movements in the market interest rates. The Group and the Bank primarily use interest rate swaps as hedges of interest rate risk.

The net gains and losses arising from fair value hedges during the year are as follows:

<u>Group and Bank</u>	2024 RM'000	2023 RM'000
Gains/(Losses) on hedging instruments	16,636	(9,828)
(Losses)/Gains on the hedged items attributable to the hedged risk	(18,525)	9,229
	<u>(1,889)</u>	<u>(599)</u>

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has a comprehensive 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.

Principal risk types are managed with the requisite skills and resources, detailed guidelines and procedures, and infrastructure and systems commensurate with our risk-taking. Close attention is paid to identifying and measuring, setting tolerances and monitoring, reporting and 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.

Risks are increasingly inter-connected and have to be assessed holistically. To this end, we have also established cross functional assessments of risk via emerging risk discussions, and a suite of stress-testing and scenario analyses that 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.

Principal Risk Types

We generally categorise the risks we face into the following principal risk types:

- (i) Credit risk is the risk of loss of principal and/or income arising from the failure of an obligor or counterparty to meet its financial or contractual obligations or an adverse change in the credit profile of the obligor or counterparty.
- (ii) Market risk is the risk of losing income and/or market value due to fluctuations in factors such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices or changes in volatility or correlations.
- (iii) Liquidity risk is the risk arising from the inability to meet financial and cash outflow obligations as they fall due.
- (iv) 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.
- (v) Information security risk is the risk of compromising confidentiality, integrity and/or availability of information (in physical or digital form). Digital risk encompasses 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 arising from the use of information and communication technologies.
- (vi) Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, poor management, human error or external events. This is a broad risk category that encompasses pandemic risk, 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, regulatory risk, legal risk, fiduciary risk and reputational risk.

Environmental, Social and Governance (“ESG”) and Climate Risks

We take an integrated and risk-based approach to addressing the financial and reputational implications with respect to ESG and climate risks. This entails ensuring that risk drivers that impact the Group across credit, market, liquidity, operational and reputational risks are adequately identified, assessed and managed in accordance with our existing risk management approaches and planning horizons. In addition to embedding ESG and climate risk management in the responsibilities of the relevant principal risk management committees, our risk appetite framework takes into account the management of the reputational and financial impact of sustainability issues.

Currently, ESG and climate considerations impinge more significantly on credit and reputational risks primarily relating to our wholesale lending activities. As such, we have incorporated such considerations in our Responsible Financing framework and policies and our credit approval processes for such activities. We continue to enhance our assessment and management of our portfolio through ESG and climate risk metrics, policies and reports, along with climate scenario analysis and stress testing. We also engage clients in certain sectors to evaluate their ability to manage ESG, transition and physical risks. High-risk clients undergo enhanced due diligence as well as further reviews and approvals; these include escalation of transactions with significant reputational risks to the Reputational Risk Review Group while time-bound action plans or legal covenants may be required. We will continue to progressively adopt quantitative ESG and climate risk metrics and enhance our climate risk scenario analysis methodologies taking into account industry developments, availability of data and regular dialogue with regulators.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 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 Bank's Risk Management Committee ("RMC") is the designated board committee overseeing risk management matters. It ensures that the Bank'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, 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.

The RMC provides quantitative and qualitative guidance to major business units and risk functions to guide risk-taking. Senior management, functional risk committees, the CEO and the RMC regularly review our risk drivers, risk profiles, risk management framework and policies, as well as compliance matters.

RMD's day-to-day functional responsibility 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, the RMC and the Board.

Three Lines of Defence

All employees are responsible for identifying and managing risk; their accountability is 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.

(i) **First Line - Day-to-day Risk Management**

Business and Support Units own and manage risks arising from their business activities on a day-to-day basis. It carries out business activities which are consistent with our Group's strategy and risk appetite and operates within the approved boundaries of our policies and limits and complies with applicable laws and regulations.

(ii) **Second Line - Risk and Control Oversight**

The Risk and Control Function independently and objectively identify and assess risk-taking activities of the first line. They establish relevant risk management frameworks, policies, processes and systems, and provide independent identification, assessment, monitoring and reporting of the Group's risk profiles, portfolio concentrations and material risk issues.

(iii) **Third Line - Independent Assurance**

Internal Audit independently provides assurance to the CEO, Audit Committee and the Board of the adequacy and effectiveness of our risk management and internal control systems and evaluates the overall risk awareness and control consciousness of the management in discharging its supervisory and oversight responsibilities.

Risk Appetite

The Group's objective 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, debt holders, 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 the Group's earnings and capital, and to identify vulnerabilities of material portfolios and trigger appropriate risk management actions.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Appetite (continued)

An Internal Capital Adequacy Assessment Process (“ICAAP”) incorporating the results of stress tests covering various risk types is conducted annually. 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

The Group's 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 judgement of our credit specialists.

The Group's credit risk management approach is tailored based on the unique characteristics or nature of the various portfolios or customer segments as follows:

Credit Risk Management Approach for Major Customer Segments:	
Consumer and Small Businesses	<ul style="list-style-type: none"> • Manage credit risks on portfolio basis. • Apply bankruptcy and credit bureau checks, together with systems and processes such as identity checks and independent verification of documentation for credit screening and fraud detection purposes. • Use comprehensive risk management information systems (“MIS”), behavioural models and stress testing for monitoring and early identification of potentially weak credits.
Corporate and Institutional Customers	<ul style="list-style-type: none"> • Assess credits individually with robust independent evaluation carried out by experienced credit officers. • Use predefined target markets and risk acceptance criteria to guide credit extensions. • Business and credit risk units jointly approve credits to ensure objectivity and shared risk ownership. • Take prompt remedial actions through timely and disciplined execution of margin calls, top-up provisions, stop-loss and force-selling.

Counterparty Credit Risk Management

Counterparty credit risk emerges from the potential default of a counterparty during our trading and/or banking activities 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 and appropriateness of the product offered. Credit risk mitigation tools are also used to manage counterparty credit risk where appropriate. Please refer to Credit Risk Mitigation Section for details. The Bank manages our credit exposures independently through daily limit excess monitoring, excess escalation, pre-deal excess approval and timely risk reporting.

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 better understand, measure and monitor credit risk at a portfolio level. These capabilities include:

- (i) **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 location, 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.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk Management (continued)

Credit Portfolio Management (continued)

- (ii) **Portfolio Modelling:** This includes the use of internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to the table below 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.

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 the internal assessment of the capital adequacy and portfolio allowances.

The Group's 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 to external credit ratings in terms of the PD ranges as factors used to rate obligors would be similar. As such, an obligor rated poorly by an external rating agency is likely to have a weak internal risk rating.

The table below describes the approach 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.

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 bank, non-bank financial institutions, corporate real estate (including income producing real estate) and general corporates	<ul style="list-style-type: none"> 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-term 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. 	<ul style="list-style-type: none"> Estimated based on rules prescribed in BNM's 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	<ul style="list-style-type: none"> Risk grades derived from internal models are mapped to the five supervisory slotting categories prescribed in BNM's RWCAF. 	<ul style="list-style-type: none"> Estimated based on rules prescribed in BNM's RWCAF.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk Management (continued)

Credit Portfolio Management (continued)

- (iii) **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 credit exposures, credit migration, expected losses and risk concentrations by business segment are provided to Senior Management and the Board for making timely and better-informed decisions.

Using insights provided by 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 downside risks from adverse changes in the operating environment. The design of these limits considers direct and indirect risk drivers, such as economic sector, industry, geographic location, collateral type or other credit risk mitigation.

Credit Risk Mitigation

The Group uses various credit risk mitigation measures such as requiring collateral, buying credit protection and setting netting arrangements to reduce credit risk exposures. However, risk mitigation does not replace our proper assessment of the obligor's ability to repay, which remains the primary repayment source.

Our credit policies outlines 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 insurances.

Appropriate haircuts to the collateral's market 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 an 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.

Remedial Management

Processes are in place to foster early identification of vulnerable borrowers. The quality of our credit portfolios is proactively monitored and deliberated 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 the Bank grants non-commercial concessions to borrowers which are unable to meet their original repayment obligations. We further classify a restructured credit exposure into the appropriate impaired loan grade based on the assessment of the borrower's financial condition and ability to pay 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 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.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk Management (continued)

Remedial Management (continued)

Impairment allowances for Loans, Advances and Financing

Sufficient impairment allowances are maintained to absorb credit losses inherent in our credit portfolio. ECL allowance is recognised for credit impaired and non-credit impaired exposures in accordance with MFRS 9, *Financial Instruments* through a forward looking ECL model. ECL allowances are assessed on a forward-looking basis and based on the three stages of credit risk.

Stages of Credit Risk and Expected Credit Losses		
Non Credit-Impaired		Credit-Impaired
Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Non-impaired exposures without significant increase in credit risk since initial recognition	Non-impaired exposures with significant increase in credit risk since initial recognition	Impaired exposures

Market Risk Management

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest/profit rates, foreign exchange rates, equity and commodity prices, changes in volatility or correlations of such factors. The Group and the Bank are exposed to market risks from its trading and balance sheet management activities.

The Group's market risk management strategy and market risk limits are established within the Group's risk appetite and business strategies, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

Market Risk Management Oversight and Organisation

The ALCO is the senior management group that supports the RMC and the CEO in managing market risk. The ALCO establishes the market risk management objectives, framework, and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems, and internal controls.

The ALCO is supported at the working level by MRM within GRM division, and Corporate Treasury ("CT") within Group Finance Division. MRM is the independent risk control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

Market Risk Management Approach

Market risk management is a shared responsibility. Business units are responsible for proactive managing within their approved trading strategies and investment mandates, whilst MRM acts as the independent monitoring unit to ensure sound governance. The key risk management activities of identification, measurement, monitoring, control, and reporting are regularly reviewed to ensure effective risk management.

Market Risk Identification

Risk identification is addressed via the Group's new product approval process at product inception. Market risks are also identified by our risk managers from their on-going interactions with the business units.

Several market risk measurements are also utilised regularly to quantify and assess potential losses. These include Value-at-Risk ("VAR"), Present Value of Basis Point ("PV01"), Credit Sensitivity of a Basis Point ("CS01"), FX Basis Sensitivity of a Basis Point ("FXBasis01"), FX Net Open Position ("FX NOP") and derivative greeks.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk Management (continued)

Market Risk Identification (continued)

The Group also performs stress testing and scenario analysis to better quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Group's trading activities, risk profile, and prevailing and forecast economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance.

Risk Monitoring and Control

Only authorised trading activities for approved products may be undertaken by the various trading units. All trading risk positions are monitored on a daily basis against approved and allocated limits by independent support units. Limits are approved to reflect available and anticipated trading opportunities, with clearly defined exception escalation procedures. Exceptions, including any temporary breaches, are promptly reported and escalated to senior management for resolution. Multiple risk limits (VAR and risk sensitivities), profit/loss, and other measures allow for more holistic analysis and management of market risk exposures.

Model validation is also an integral part of the Group's risk control process. Models are used to price financial instruments and to measure risk. The models used are verified and assessed to ensure that they are fit for their intended purpose. Market data used for risk measurements and valuation are sourced independently.

To ensure the continued integrity of the VAR computation, back-testing is conducted to confirm the consistency of actual daily trading profit or loss ("P&L") and theoretical P&L against VAR's statistical assumptions.

Asset Liability Management

Asset liability management ("ALM") is the strategic management of the Bank's statement of financial position structure and liquidity requirements. It covers liquidity sourcing and diversification, and interest rate/rate of return risk management.

Asset Liability Management ("ALM") Approach

The asset liability management framework focuses on managing the exposures arising from the statement of financial position that give rise to liquidity risk and interest rate/rate of return risk in the banking book ("IRRBB/RoRBB"). The ALM framework consists of key elements to facilitate the asset liability risk management process, including comprehensive risk measures and actively monitored risk limits, all supported by strong data capabilities and risk system across the Bank's ALM exposures.

Liquidity Risk

The objective of liquidity risk management is to ensure that the Bank continues to fulfill its financial obligations and to undertake new transactions, by effectively managing liquidity and funding risks within the Bank's risk appetite. Managing liquidity involves addressing funding needs through maintaining adequate sources of liquidity. This management approach seeks to balance cost effectiveness, continued access to funds and diversification of funding sources.

Liquidity Risk - Identification

Liquidity risk 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.

Liquidity Risk - Measurement

Liquidity risk is measured based on the cashflow 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.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Asset Liability Management (continued)

Liquidity Risk - Risk Monitoring, Reporting and Control

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

Liquidity Risk - Stress Testing and Scenario Analysis

Stress testing under a variety of regulatory, historical and market scenarios is regularly conducted to assess the potential impact of market events on the Bank'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 events.

Interest Rate/Rate of Return Risk in the Banking Book ("IRRBB/RoRBB")

IRRBB/RoRBB refers to the current and prospective risk of interest/profit rates to the Banks's capital and earnings. With a broad range of products spanning different interest rate structures, curves and maturities, repricing of assets and liabilities can be mismatched, which creates sensitivity to interest rate fluctuations. As interest/profit rates and yield curves move, these mismatches may affect the Bank's economic net worth and potentially lead to a decline in earnings. The primary goal of the management of IRRBB/RoRBB is to ensure that interest rate/rate of return risk exposures are consistent with the Bank's risk appetite and maintained within the defined risk tolerances. The material sources of IRRBB/RoRBB are repricing risk, yield curve risk, basis risk and optionality risk.

IRRBB/RoRBB - Identification

Interest rate/Rate of return risk varies with different repricing periods, currencies, embedded options and interest/profit rate basis, and arise from interest/profit rate sensitive instruments which:

- Reprice at different times (gap risk).
- Reference different interest/profit rate benchmarks (basis risk).
- Possess optionality with respect to timing of cashflows or interest/profit reset under different circumstances (optionality risk).

IRRBB/RoRBB - Measurements

The Bank manages IRRBB/RoRBB using both earnings and capital-based measures such as:

- Net Interest Income ("NII") sensitivity which estimates the potential change in earnings over a one-year horizon.
- Economic Value of Equity ("EVE") sensitivity simulations, PV01 and repricing sensitivity metrics which measure the potential impact of various interest/profit rate shock scenarios on the Bank's capital.

IRRBB/RoRBB - Risk Monitoring, Reporting and Control

Interest rate/rate of return risk positions and metrics are comprehensively monitored against approved risk limits and triggers. Interest rate/rate of return risk limits are aligned with the risk appetite. An established review, oversight and escalation process facilitates prompt escalation and remediation of any limit exceptions.

IRRBB/RoRBB - Stress Testing

Regular stress testing is performed to evaluate whether the capital is sufficient to withstand extreme interest/profit rate movements on the statement of financial position. Such tests are performed across historical and regulatory interest/profit rate shock scenarios, assessing the potential impact of adverse scenarios on the Bank's financial condition, serving as critical inputs to shaping interest rate/rate of return risk profiles and management strategies.

Operational Risk Management

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; money laundering, terrorism financing and sanctions risk; third-party risk; physical and people security risk; conduct risk; business continuity risk; unauthorised trading risk; regulatory, legal and reputational risk.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational Risk Management (continued)

Operational Risk Management Approach

The Group recognises the heightened risk of business disruptions arising from operational failures and the importance to strengthen our operational resiliency. We continue to anticipate and prevent potential operational events through robust risk management practices.

Our operational risk framework sets out the approach to manage and control the operational risks arising from the Group's business activities and operations. This includes regular review of our operational risk profile, comprising of operational risk events, key risk indicators, material issues and trends. Senior Management and Board receive regular updates on the operational risk profile and an annual assurance report assessing the adequacy and effectiveness of our internal controls and risk management systems.

In addition, the operational risk management framework is supported by various programmes to ensure preparedness, minimise the impact of adverse events through timely response, recovery and adaptability, thus ensuring the continued provision of essential services.

Key Components of Operational Risk Management:

Risk Management Capabilities	New Product Approval
	<ul style="list-style-type: none"> Stringent process to identify and mitigate risks inherent in new products or the distribution/marketing of new products, ensure prudent allocation of resources and capital, and compliance with regulatory requirements.
	Third-Party Risk Management
	<ul style="list-style-type: none"> Outsourced and third-party service providers are scrutinised through stringent onboarding and ongoing due diligence assessments.
	Business Continuity Management
	<ul style="list-style-type: none"> Regular reviews to identify the Bank's Critical Business Services and Service Recovery Time Objective. Recovery strategies and business recovery plans are established, reviewed and tested annually.
Incident Response and Crisis Response	Anti-Money Laundering/ Countering the Financing of Terrorism
	<ul style="list-style-type: none"> Enhanced risk assessment methodologies that overlay on existing monitoring and screening platforms to assess customer, product and geographical risks. Robust risk surveillance capabilities that leverage on artificial intelligence and data analytics for dynamic monitoring and detection of emerging financial crime trends and typologies.
Insurance	Anti-Fraud
	<ul style="list-style-type: none"> Real-time transaction monitoring capabilities to detect and alert customers on suspicious account activities, and to prevent the completion of such transactions. Ongoing efforts to strengthen the Fraud Management Systems in response to changes in fraud/scam typologies and the regulatory landscape.
Awareness and Training	<ul style="list-style-type: none"> Crisis Management procedures and playbooks to guide the Bank's responses to potential crisis events such as pandemic situations, surge in fraud and scams, cyber-attacks. Comprehensive governance and anti-fraud response model to expedite incident handling through the Dynamic Response Committee ("DRC") and Anti-Fraud Standing Committee ("AFSC").
	Financial lines insurance programmes in place to cover key operational risks:
Industry Collaboration	<ul style="list-style-type: none"> Bankers Blanket Bond Professional Indemnity Programme Cyber and Network Security Liability Insurance Programme
	<ul style="list-style-type: none"> Operational Risk Working Group to foster continuous engagement with stakeholders across the organisation, facilitating awareness and understanding of operational risk. Targeted and specialised training, including certified courses, are available to raise staff competency.
	<ul style="list-style-type: none"> Active participation in the industry committees and working groups to share and stay abreast of the developments in the operational risk landscape.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational Risk Management (continued)

Anti-Fraud Programme

OCBC Anti-Fraud and Whistleblowing Programmes are established to manage fraud risk in OCBC Bank. A comprehensive governance and anti-fraud response model to expedite incident handling through the DRC and AFSC. Board and Senior management are kept apprised on fraud threats and incident reports, including root cause analysis, extent of damage, supporting remedial actions and recovery steps of major incidents, through regular reports to the Operational Risk Management Committee ("ORC") and the RMC. The Audit Committee is also responsible for the review of the Bank's Whistleblowing Policy as well as any concerns, including anonymous complaints, which staff may in confidence raise about possible improprieties in matters of financial reporting or other matters.

Legal and Regulatory Risk Management

The Group holds to high standards when conducting business and at all times observe and comply with applicable laws, rules and standards. The Group has in place a compliance risk programme which defines the required environment and organisational components for managing the risk in a structured systematic and consistent manner. Each business unit is responsible for having adequate and effective controls to manage both legal and regulatory risks. Senior management provides the CEO and the RMC with an annual Regulatory Compliance Certification regarding the state of regulatory compliance.

Information Security and Digital Risk Management

The Group plays a pivotal role in safeguarding the Bank's information, technology and cyber assets. Guided by NIST Cyber Security Framework ("CSF2.0") and industry best practices, the Group adopts a comprehensive approach to managing risks across the following core functions:

- (i) **Govern:** Establish robust policies, standard and oversight mechanism to align technology risk practices with business objectives and regulatory requirements.
- (ii) **Identify:** Continuously assess and address potential vulnerabilities, threats and risks to critical information systems, enabling proactive risk management.
- (iii) **Protect:** Ensure strong security controls and preventive measures are in place to safeguard Bank's infrastructure, data and customer information from unauthorised access and cyber threats.
- (iv) **Detect:** Utilise advanced monitoring tools and analytics to identify anomalous activities and detect potential cyber incidents.
- (v) **Respond:** Develop and execute effective response plans to mitigate the impact of cyber incidents and ensure operational continuity.
- (vi) **Recover:** Ensure resilient systems and recover strategies are in place to restore business operations swiftly and minimize disruptions.

The Group actively promotes cybersecurity awareness and vigilance through regular advisories, training and simulated phishing campaigns empowering staff to mitigate risk effectively. Collaboration is key, with the Group partnering with industry peers and government agencies to share intelligence and counter emerging cyber threats. By embracing a proactive and resilience approach, the Group strengthens the Bank's ability to thrive in rapid evolving digital landscape.

Shariah Governance

Shariah principles are the foundation of the practice of Islamic Finance through the observance of the tenets, conditions and principles espoused by Shariah to ensure all the operations and activities of OCBC Al-Amin complies with Shariah rules and principles at all times. OCBC Al-Amin is governed by the Shariah Governance Framework ("SGF") of OCBC Al-Amin which, in essence, covers the following:

- (i) Sets out the Shariah governance framework and structures to ensure that all its operations and business activities are in accordance with Shariah.
- (ii) Outlines the responsibilities of the Board, Shariah Committee and Management of the Bank in discharging their respective duties in matters relating to Shariah.
- (iii) Outlines the functions relating to key Shariah control functions consisting of Shariah Review, Shariah Risk Management and Shariah Audit to ensure effective management of Shariah non-compliance risk.
- (iv) Outlines the roles of Shariah Secretariat in providing operational support for effective functioning of the Shariah Committee.

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Shariah Governance (continued)

The SGF is applicable to all employees of OCBC Al-Amin and also extends to all employees of the Group who are involved in the business and operations of OCBC Al-Amin under shared services and other service providers under outsourcing arrangements. Compliance with Shariah principles must be embedded in OCBC Al-Amin's core processes ie. business processes are designed with Shariah compliance in mind.

Shariah Non-Compliance Risk

Shariah Non-Compliance Risk is a distinctive aspect of our risk management framework, specifically tailored for Islamic banking. This risk arises from the potential failure to adhere to Shariah rules and principles as established by BNM's Shariah Advisory Council, the Securities Commission's Shariah Advisory Council, and our Bank's Shariah Committee.

It is essential to recognize that the responsibility for ensuring compliance with Shariah principles extends beyond the Board and Management; fostering a culture of compliance with all relevant regulations is integral to our organizational ethos. Consequently, every business division and its personnel share accountability for any breaches of laws, guidelines, and regulations pertaining to Islamic banking and finance.

In line with this commitment, our Bank is dedicated to cultivating a robust Shariah compliance risk culture. Throughout the lifecycle of our products and services, adherence to Shariah requirements is paramount, as any failure to comply may result in the income generated being deemed non-recognizable and subsequently donated to charitable causes. This approach not only underscores our dedication to upholding the integrity of our Islamic financial practices but also reinforces our commitment to ethical banking principles that align with Shariah guidelines.

The key components of the Group's Shariah Non-Compliance Risk Management process are:

- (i) **Risk Identification** – Identification of inherent Shariah Non-Compliance (“SNC”) risks associated with the Bank's products, operations and services.
- (ii) **Risk Assessment/Measurement** – Assess and measure the likelihood of SNC risks and evaluate their potential impact on the Bank. This assessment includes a review of the adequacy, effectiveness, appropriateness, and quality of both detective and preventive control measures in place to manage and mitigate inherent SNC risks.
- (iii) **Mitigation/Control/Awareness** – SNC risks are mitigated through the implementation and enforcement of appropriate control measures, including policies, guidelines, and procedures designed to ensure compliance with Shariah requirements. The Bank practices sound Shariah Risk Management in its daily operations, particularly in the development, processing, and execution of Islamic products and transactions. To further strengthen our Shariah risk compliance culture, relevant training is provided to all personnel involved in Islamic products, operations, and services.
- (iv) **Monitoring & Reporting** – Establishing early warning systems, monitoring protocols and reporting mechanisms to track SNC exposures.

All potential SNC events are initially assessed by the Shariah Review Department, which serves as the control function responsible for this assessment. The findings are then submitted to the Bank'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.

For the years 2024 and 2023, there is no Shariah non-compliant income realised from sources or by means prohibited by Shariah that has been channelled to charity.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**41 CREDIT RISK**

Credit risk is the risk of a financial loss to the Group and the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Bank's maximum credit exposure on the financial assets without taking into account any collateral held or other credit enhancements of the Group and of the Bank equal their carrying amount as reported in the statements of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For loan commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents*	1,751,567	3,477,356	907,997	2,395,048
Deposits and placements with banks and other financial institutions	1,487,913	352,077	1,660,263	762,957
Investment account placements	-	-	7,721,835	5,095,182
Financial assets at FVTPL	2,269,618	1,879,059	2,269,618	1,874,038
Financial investments at FVOCI**	26,735,483	22,242,714	22,338,959	18,811,307
Loans, advances and financing	68,291,628	66,811,358	51,432,876	52,044,617
Derivative financial assets	952,689	1,030,620	953,005	1,031,011
Other assets***	465,996	462,987	466,110	618,615
Contingent liabilities and commitments	35,717,897	36,840,696	31,249,629	32,406,842
	137,672,791	133,096,867	119,000,292	115,039,617

* Excluding cash in hand

** Excluding unquoted shares

*** Excluding prepayments

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

41 CREDIT RISK (continued)

(a) Credit quality analysis

Group	2024				2023			
	Financial assets at FVTPL	Financial investments at FVOCI	Derivative financial assets	Contingent liabilities and loan commitments	Financial assets at FVTPL	Financial investments at FVOCI	Derivative financial assets	Contingent liabilities and loan commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) By issuer/counterparty								
Government and Central Bank	1,681,780	15,500,720	-	410,284	1,581,506	15,099,633	-	80,476
Foreign government	43	886,575	-	-	1	281,136	-	-
Public sector	89,378	1,613,792	-	-	10,110	1,107,568	-	-
Banking institutions	317	5,782,475	628,792	594,701	12,210	3,538,451	679,562	251,602
Non-bank financial institutions	497,168	1,802,615	120,708	400,086	269,447	1,071,803	62,810	223,395
Business enterprises	932	1,149,306	100,054	24,795,933	5,785	1,144,123	143,935	25,998,586
Small and medium enterprises	-	-	-	4,856,609	-	-	-	5,498,875
Individuals	-	-	103,135	4,660,284	-	-	144,313	4,787,762
	<u>2,269,618</u>	<u>26,735,483</u>	<u>952,689</u>	<u>35,717,897</u>	<u>1,879,059</u>	<u>22,242,714</u>	<u>1,030,620</u>	<u>36,840,696</u>
(ii) By geographical distribution								
Malaysia	2,268,326	23,709,885	846,071	34,704,564	1,866,049	20,848,449	828,087	35,724,126
Singapore	-	-	92,845	310,148	-	-	79,514	226,080
Other ASEAN countries	-	600,137	1	113,876	-	293,559	-	327,436
Rest of the world	1,292	2,425,461	13,772	589,309	13,010	1,100,706	123,019	563,054
	<u>2,269,618</u>	<u>26,735,483</u>	<u>952,689</u>	<u>35,717,897</u>	<u>1,879,059</u>	<u>22,242,714</u>	<u>1,030,620</u>	<u>36,840,696</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

41 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	2024				2023			
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial assets RM'000	Contingent liabilities and loan commitments RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial assets RM'000	Contingent liabilities and loan commitments RM'000
Group (continued)								
(iii) By sector								
Agriculture, hunting, forestry and fishing	-	-	13	535,153	-	-	54	625,277
Mining and quarrying	-	222,386	76	304,489	-	119,523	108,509	350,244
Manufacturing	930	103,223	12,913	8,029,381	-	94,910	9,776	8,608,388
Electricity, gas and water	1	657,560	18	155,664	10,870	657,687	4	189,692
Construction	49,843	844,981	243	4,746,967	-	398,479	716	4,973,116
Real estate	-	22,486	23,962	2,738,384	-	-	6,822	3,109,092
Wholesale & retail trade and restaurants & hotels	-	147,315	18,095	4,618,413	1	142,451	7,536	4,786,485
Transport, storage and communication	1	230,465	13,732	2,913,819	2	193,364	13	2,605,822
Finance, insurance and business services	497,486	7,673,424	780,499	5,578,294	281,659	4,808,238	752,875	5,808,867
Community, social and personal services	39,578	497,360	3	694,215	5,021	484,861	2	641,095
Household								
- Purchase of residential properties	-	-	-	1,671,671	-	-	-	1,622,637
- Purchase of non-residential properties	-	-	-	5,013	-	-	-	1,793
- Others	-	-	103,135	3,316,150	-	-	144,313	3,518,187
Others	1,681,779	16,336,283	-	410,284	1,581,506	15,343,201	-	1
	<u>2,269,618</u>	<u>26,735,483</u>	<u>952,689</u>	<u>35,717,897</u>	<u>1,879,059</u>	<u>22,242,714</u>	<u>1,030,620</u>	<u>36,840,696</u>
(iv) By residual maturity								
Within one year	628,600	8,934,579	481,987	25,796,063	582,337	7,975,058	505,855	27,036,799
One to five years	1,002,221	13,221,672	428,578	4,233,739	722,385	11,933,926	504,259	3,575,288
Over five years	638,797	4,579,232	42,124	5,688,095	574,337	2,333,730	20,506	6,228,609
	<u>2,269,618</u>	<u>26,735,483</u>	<u>952,689</u>	<u>35,717,897</u>	<u>1,879,059</u>	<u>22,242,714</u>	<u>1,030,620</u>	<u>36,840,696</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**41 CREDIT RISK (continued)****(a) Credit quality analysis (continued)**

<u>Group</u> (continued)	2024				2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
(v) By credit rating/internal grading and ECL stage								
Cash and cash equivalents	1,751,567	-	-	1,751,567	3,477,356	-	-	3,477,356
Deposits and placements with banks and other financial institutions	1,487,913	-	-	1,487,913	352,077	-	-	352,077
Financial assets at FVTPL*								
Government (AAA to BBB)	-	-	-	862,405	-	-	-	129,646
Government and central bank (unrated)	-	-	-	819,375	-	-	-	1,451,861
Foreign government (AAA to BBB)	-	-	-	43	-	-	-	1
Investment grade (AAA to BBB)	-	-	-	422,577	-	-	-	188,109
Unrated	-	-	-	165,218	-	-	-	109,442
	-	-	-	2,269,618	-	-	-	1,879,059
* ECL stage is not disclosed for financial assets at FVTPL.								
Financial investments at FVOCI								
Government (AAA to BBB)	10,030,211	-	-	10,030,211	10,534,053	-	-	10,534,053
Government and central bank (unrated)	5,470,509	-	-	5,470,509	4,565,580	-	-	4,565,580
Foreign government (AAA to BBB)	886,575	-	-	886,575	281,136	-	-	281,136
Investment grade (AAA to BBB)	3,763,478	278,740	-	4,042,218	2,358,035	259,294	-	2,617,329
Unrated	6,305,970	-	-	6,305,970	4,244,616	-	-	4,244,616
	26,456,743	278,740	-	26,735,483	21,983,420	259,294	-	22,242,714
Contingent liabilities and commitments (excluding derivative assets)								
Pass	34,409,908	1,115,614	-	35,525,522	35,318,238	1,287,482	-	36,605,720
Special Mention	-	95,672	-	95,672	-	121,862	-	121,862
Credit-impaired	-	-	96,703	96,703	-	-	113,114	113,114
	34,409,908	1,211,286	96,703	35,717,897	35,318,238	1,409,344	113,114	36,840,696

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41 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

Bank	2024				2023			
	Financial assets at FVTPL	Financial investments at FVOCI	Derivative financial assets	Contingent liabilities and loan commitments	Financial assets at FVTPL	Financial investments at FVOCI	Derivative financial assets	Contingent liabilities and loan commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) By issuer/counterparty								
Government and Central Bank	1,681,780	13,249,093	-	-	1,581,506	12,922,674	-	80,476
Foreign government	43	886,575	-	-	1	281,136	-	-
Public sector	89,378	1,025,384	-	-	10,110	436,814	-	-
Banking institutions	317	5,087,801	641,614	594,701	12,210	3,438,516	686,060	251,602
Non-bank financial institutions	497,168	955,251	120,707	380,002	269,447	637,393	62,809	148,000
Business enterprises	932	1,134,855	87,549	20,955,720	764	1,094,774	137,829	21,741,382
Small and medium enterprises	-	-	-	4,856,609	-	-	-	5,498,875
Individuals	-	-	103,135	4,462,597	-	-	144,313	4,686,507
	<u>2,269,618</u>	<u>22,338,959</u>	<u>953,005</u>	<u>31,249,629</u>	<u>1,874,038</u>	<u>18,811,307</u>	<u>1,031,011</u>	<u>32,406,842</u>
(ii) By geographical distribution								
Malaysia	2,268,326	19,313,361	846,388	30,330,289	1,861,028	17,417,042	828,478	31,427,067
Singapore	-	-	92,845	310,148	-	-	79,514	226,080
Other ASEAN countries	-	600,137	-	87,729	-	293,559	-	261,175
Rest of the world	1,292	2,425,461	13,772	521,463	13,010	1,100,706	123,019	492,520
	<u>2,269,618</u>	<u>22,338,959</u>	<u>953,005</u>	<u>31,249,629</u>	<u>1,874,038</u>	<u>18,811,307</u>	<u>1,031,011</u>	<u>32,406,842</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)

41 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	2024				2023			
	Financial assets at FVTPL	Financial investments at FVOCI	Derivative financial assets	Contingent liabilities and loan commitments	Financial assets at FVTPL	Financial investments at FVOCI	Derivative financial assets	Contingent liabilities and loan commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank (continued)								
(iii) By sector								
Agriculture, hunting, forestry and fishing	-	-	13	486,461	-	-	54	545,433
Mining and quarrying	-	222,386	76	290,778	-	119,523	108,509	340,326
Manufacturing	930	103,223	12,877	6,945,338	-	94,910	9,720	7,500,061
Electricity, gas and water	1	622,620	18	97,810	10,870	608,110	2	133,283
Construction	49,843	545,923	238	3,934,341	-	-	716	4,092,619
Real estate	-	22,486	23,962	2,519,221	-	-	6,822	2,678,872
Wholesale & retail trade and restaurants & hotels	-	147,315	18,077	4,100,616	1	142,451	7,305	4,375,457
Transport, storage and communication	1	225,462	13,731	2,493,803	2	188,363	13	2,185,806
Finance, insurance and business services	497,486	6,116,935	780,875	4,920,749	281,659	4,273,893	753,557	4,903,133
Community, social and personal services	39,578	247,953	3	665,365	-	252,080	-	610,490
Household								
- Purchase of residential properties	-	-	-	1,478,997	-	-	-	1,523,175
- Others	-	-	103,135	3,316,150	-	-	144,313	3,518,187
Others	1,681,779	14,084,656	-	-	1,581,506	13,131,977	-	-
	<u>2,269,618</u>	<u>22,338,959</u>	<u>953,005</u>	<u>31,249,629</u>	<u>1,874,038</u>	<u>18,811,307</u>	<u>1,031,011</u>	<u>32,406,842</u>
(iv) By residual maturity								
Within one year	628,600	6,698,150	482,249	22,276,664	577,316	6,795,994	506,196	23,782,560
One to five years	1,002,221	11,066,582	428,632	3,862,917	722,385	9,716,500	504,309	2,699,447
Over five years	638,797	4,574,227	42,124	5,110,048	574,337	2,298,813	20,506	5,924,835
	<u>2,269,618</u>	<u>22,338,959</u>	<u>953,005</u>	<u>31,249,629</u>	<u>1,874,038</u>	<u>18,811,307</u>	<u>1,031,011</u>	<u>32,406,842</u>

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41 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	2024				2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank (continued)								
(v) By credit rating/internal grading and ECL stage								
Cash and cash equivalents	907,997	-	-	907,997	2,395,048	-	-	2,395,048
Deposits and placements with banks and other financial institutions	1,660,263	-	-	1,660,263	762,957	-	-	762,957
Investment account placements	7,675,918	45,917	-	7,721,835	5,010,066	85,116	-	5,095,182
Financial assets at FVTPL*								
Government (AAA to BBB)	-	-	-	862,405	-	-	-	129,646
Government and central bank (unrated)	-	-	-	819,375	-	-	-	1,451,861
Foreign government (AAA to BBB)	-	-	-	43	-	-	-	1
Investment grade (AAA to BBB)	-	-	-	422,577	-	-	-	183,088
Unrated	-	-	-	165,218	-	-	-	109,442
	-	-	-	2,269,618	-	-	-	1,874,038
* ECL stage is not disclosed for financial assets at FVTPL.								
Financial investments at FVOCI								
Government (AAA to BBB)	8,558,989	-	-	8,558,989	8,956,483	-	-	8,956,483
Government and central bank (unrated)	4,690,104	-	-	4,690,104	3,966,191	-	-	3,966,191
Foreign government (AAA to BBB)	886,575	-	-	886,575	281,136	-	-	281,136
Investment grade (AAA to BBB)	3,278,962	278,740	-	3,557,702	1,869,192	259,294	-	2,128,486
Unrated	4,645,589	-	-	4,645,589	3,479,011	-	-	3,479,011
	22,060,219	278,740	-	22,338,959	18,552,013	259,294	-	18,811,307
Contingent liabilities and commitments (excluding derivative assets)								
Pass	30,345,973	744,366	-	31,090,339	31,443,431	797,976	-	32,241,407
Special Mention	-	94,444	-	94,444	-	81,814	-	81,814
Credit-impaired	-	-	64,846	64,846	-	-	83,621	83,621
	30,345,973	838,810	64,846	31,249,629	31,443,431	879,790	83,621	32,406,842

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**41 CREDIT RISK (continued)****(b) Credit quality of loans, advances and financing****Credit quality**

Loans, advances and financing are categorised according to the Group's and the Bank's customer classification grades as Pass, Special Mention, Substandard, Doubtful and Loss.

Loans, advances and financing classified as Pass and Special Mention are not credit-impaired whereas Substandard, Doubtful and Loss are credit-impaired.

Past due but not credit-impaired are loans, advances and financing where the customer has failed to make a principal or interest/profit payment when contractually due, and includes financing which are past due one or more days after the contractual due date but less than 3 months.

Credit quality and ECL stage

<u>Group</u>	2024				2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
By internal grading								
Pass	59,789,226	6,653,364	-	66,442,590	55,707,112	8,739,700	-	64,446,812
Special Mention	-	1,090,592	-	1,090,592	-	1,061,685	-	1,061,685
	<u>59,789,226</u>	<u>7,743,956</u>	<u>-</u>	<u>67,533,182</u>	<u>55,707,112</u>	<u>9,801,385</u>	<u>-</u>	<u>65,508,497</u>
Past due but not credit-impaired								
By period overdue								
Less than 2 months	-	285,906	-	285,906	-	260,329	-	260,329
2 months to less than 3 months	-	49,356	-	49,356	-	53,449	-	53,449
	<u>-</u>	<u>335,262</u>	<u>-</u>	<u>335,262</u>	<u>-</u>	<u>313,778</u>	<u>-</u>	<u>313,778</u>
Credit-impaired								
Past due	-	-	1,008,938	1,008,938	-	-	1,450,707	1,450,707
Not past due	-	-	476,560	476,560	-	-	802,724	802,724
	<u>-</u>	<u>-</u>	<u>1,485,498</u>	<u>1,485,498</u>	<u>-</u>	<u>-</u>	<u>2,253,431</u>	<u>2,253,431</u>
Gross loans, advances and financing	59,789,226	8,079,218	1,485,498	69,353,942	55,707,112	10,115,163	2,253,431	68,075,706
ECL allowance	(231,833)	(398,412)	(432,069)	(1,062,314)	(188,322)	(320,834)	(755,192)	(1,264,348)
Net loans, advances and financing	<u>59,557,393</u>	<u>7,680,806</u>	<u>1,053,429</u>	<u>68,291,628</u>	<u>55,518,790</u>	<u>9,794,329</u>	<u>1,498,239</u>	<u>66,811,358</u>

Past due but not credit-impaired loans, advances and financing are classified as part of Special Mention.

The analysis of credit-impaired loans, advances and financing are disclosed in Note 9(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**41 CREDIT RISK (continued)****(b) Credit quality of loans, advances and financing (continued)*****Credit quality and ECL stage (continued)***

	2024				2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank								
Neither past due nor credit-impaired								
By internal grading								
Pass	44,814,900	5,118,546	-	49,933,446	42,932,050	7,150,544	-	50,082,594
Special Mention	-	892,920	-	892,920	-	892,955	-	892,955
	<u>44,814,900</u>	<u>6,011,466</u>	<u>-</u>	<u>50,826,366</u>	<u>42,932,050</u>	<u>8,043,499</u>	<u>-</u>	<u>50,975,549</u>
Past due but not credit-impaired								
By period overdue								
Less than 2 months	-	245,424	-	245,424	-	219,504	-	219,504
2 months to less than 3 months	-	40,674	-	40,674	-	43,874	-	43,874
	<u>-</u>	<u>286,098</u>	<u>-</u>	<u>286,098</u>	<u>-</u>	<u>263,378</u>	<u>-</u>	<u>263,378</u>
Credit-impaired								
Past due	-	-	798,143	798,143	-	-	1,073,898	1,073,898
Not past due	-	-	358,128	358,128	-	-	628,944	628,944
	<u>-</u>	<u>-</u>	<u>1,156,271</u>	<u>1,156,271</u>	<u>-</u>	<u>-</u>	<u>1,702,842</u>	<u>1,702,842</u>
Gross loans, advances and financing	44,814,900	6,297,564	1,156,271	52,268,735	42,932,050	8,306,877	1,702,842	52,941,769
ECL allowance	(182,377)	(329,566)	(323,916)	(835,859)	(145,190)	(254,233)	(497,729)	(897,152)
Net loans, advances and financing	<u>44,632,523</u>	<u>5,967,998</u>	<u>832,355</u>	<u>51,432,876</u>	<u>42,786,860</u>	<u>8,052,644</u>	<u>1,205,113</u>	<u>52,044,617</u>

Past due but not credit-impaired loans, advances and financing are classified as part of Special Mention.
The analysis of credit-impaired loans, advances and financing are disclosed in Note 9(i) to the financial statements.

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41 CREDIT RISK (continued)

(b) Credit quality of loans, advances and financing (continued)

Past due loans, advances and financing

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(i) By sector				
Agriculture, hunting, forestry and fishing	67	2,349	67	2,349
Mining and quarrying	-	42	-	-
Manufacturing	13,288	8,852	6,231	4,737
Electricity, gas and water	286	-	286	-
Construction	9,497	7,170	5,400	5,444
Real estate	641	777	641	428
Wholesale & retail trade and restaurants & hotels	40,174	34,662	34,078	25,686
Transport, storage and communication	1,451	4,092	1,202	3,142
Finance, insurance and business services	10,118	8,162	6,917	6,707
Community, social and personal services	1,623	3,426	198	1,195
Household				
- Purchase of residential properties	210,786	196,961	190,593	174,177
- Purchase of non-residential properties	3,421	6,201	3,421	5,619
- Others	14,151	18,940	12,826	16,418
	<u>305,503</u>	<u>291,634</u>	<u>261,860</u>	<u>245,902</u>
(ii) By geographical distribution				
Malaysia	290,503	273,938	247,174	229,084
Singapore	9,533	13,227	9,533	13,227
Other ASEAN countries	1,030	878	1,030	-
Rest of the world	4,437	3,591	4,123	3,591
	<u>305,503</u>	<u>291,634</u>	<u>261,860</u>	<u>245,902</u>

Collateral

(i) The main types of collateral obtained by the Group and the Bank are as follows:

- For personal housing loans/financing, mortgages over residential properties.
- For commercial property loans/financing, charges over the properties being financed.
- For vehicle loans/financing, charges over the vehicles being financed.
- For other loans/financing, charges over business assets such as premises, inventories, trade receivables, shares, equipment or deposits.

(ii) The quantification of the extent to which collateral and other credit enhancements mitigate credit risk and that best represents the maximum exposure to credit risk for credit-impaired loans, advances and financing is as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fair value of collateral held against the covered portion of credit-impaired loans, advances and financing	1,859,026	2,302,333	1,488,363	1,877,685
Covered portion of credit-impaired loans, advances and financing	1,178,329	1,609,919	931,923	1,288,879
Uncovered portion of credit-impaired loans, advances and financing	307,169	643,512	224,348	413,963
	<u>1,485,498</u>	<u>2,253,431</u>	<u>1,156,271</u>	<u>1,702,842</u>

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42 LIQUIDITY RISK

(i) The tables below show the Group's and the Bank's maturity analysis of assets and liabilities based on remaining contractual maturities and/or their behavioral profile.

<u>Group</u>	<u>Note</u>	Gross Carrying amount RM'000	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000
2024									
Cash and cash equivalents		1,961,740	1,961,740	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	(a)	1,488,093	1,488,093	-	-	-	-	-	-
Financial assets at FVTPL		2,269,618	237,016	357,050	34,535	481,138	521,083	637,866	930
Financial investments at FVOCI		26,848,944	5,649,361	1,414,918	1,870,300	6,220,982	7,000,607	4,579,315	113,461
Loans, advances and financing	(a)	69,353,942	18,394,177	2,432,852	3,315,471	13,348,375	7,068,695	24,794,372	-
Derivative financial assets		952,689	271,599	128,214	82,174	296,889	131,689	42,124	-
Statutory deposits with BNM		915,095	-	-	-	-	-	-	915,095
Other balances	(b)	893,098	250,537	3,611	21,243	52,707	98,951	55,917	410,132
Total assets		104,683,219	28,252,523	4,336,645	5,323,723	20,400,091	14,821,025	30,109,594	1,439,618
Deposits from customers		76,772,644	57,567,181	12,935,268	6,187,282	76,370	6,543	-	-
Deposits and placements of banks and other financial institutions		9,569,743	7,107,261	1,564,814	447,620	448,241	1,246	561	-
Obligations on securities sold under repurchase agreements		479,675	479,675	-	-	-	-	-	-
Bills and acceptances payable		107,214	107,214	-	-	-	-	-	-
Derivative financial liabilities		909,559	344,946	121,705	89,692	193,983	120,571	38,662	-
Lease liabilities		28,357	3,924	3,918	7,650	12,600	45	-	220
Subordinated bonds		1,050,000	-	-	-	-	-	1,050,000	-
Other balances	(c)	4,130,028	1,079,698	214,839	637,465	1,027,136	1,064,501	-	106,389
Total liabilities		93,047,220	66,689,899	14,840,544	7,369,709	1,758,330	1,192,906	1,089,223	106,609

(a) Stated at gross before ECL allowance.

(b) Other assets balances consist of other assets, property and equipment, ROU assets, tax recoverable and deferred tax assets.

(c) Other liabilities balances consist of other liabilities, tax payable and zakat but excludes lease liabilities and ECL allowances on loan commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

(i) The tables below show the Group's and the Bank's maturity analysis of assets and liabilities based on remaining contractual maturities and/or their behavioral profile. (continued)

Group (continued)	Note	Gross Carrying amount RM'000	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000
2023									
Cash and cash equivalents		3,626,979	3,626,979	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	(a)	352,094	352,094	-	-	-	-	-	-
Financial assets at FVTPL		1,879,059	169,434	104,184	308,717	265,935	456,450	574,339	-
Financial investments at FVOCI		22,355,331	3,904,958	844,323	3,225,777	6,842,009	5,091,917	2,333,730	112,617
Loans, advances and financing	(a)	68,075,706	19,248,290	2,334,298	1,919,606	11,832,853	7,103,025	25,637,634	-
Derivative financial assets		1,030,620	180,769	89,422	235,438	262,846	241,640	20,505	-
Statutory deposits with BNM		1,054,595	-	-	-	-	-	-	1,054,595
Other balances	(b)	841,073	281,683	2,783	28,700	70,529	47,721	35,628	374,029
Total assets		99,215,457	27,764,207	3,375,010	5,718,238	19,274,172	12,940,753	28,601,836	1,541,241
Deposits from customers		75,501,096	56,841,163	9,492,722	8,989,764	173,606	3,841	-	-
Deposits and placements of banks and other financial institutions		4,713,152	4,000,081	366	671	240,949	11,082	460,003	-
Obligations on securities sold under repurchase agreements		1,408,500	1,408,500	-	-	-	-	-	-
Bills and acceptances payable		78,461	78,461	-	-	-	-	-	-
Derivative financial liabilities		894,368	182,303	80,074	126,221	288,771	182,608	34,391	-
Lease liabilities		22,580	3,171	2,827	4,744	11,527	124	10	177
Subordinated bonds		1,050,000	-	-	-	-	-	1,050,000	-
Other balances	(c)	4,401,365	978,345	555,523	435,447	778,425	1,550,315	-	103,310
Total liabilities		88,069,522	63,492,024	10,131,512	9,556,847	1,493,278	1,747,970	1,544,404	103,487

(a) Stated at gross before ECL allowance.

(b) Other assets balances consist of other assets, property and equipment, ROU assets, tax recoverable and deferred tax assets.

(c) Other liabilities balances consist of other liabilities, tax payable and zakat but excludes lease liabilities and ECL allowances on loan commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

(i) The tables below show the Group's and the Bank's maturity analysis of assets and liabilities based on remaining contractual maturities and/or their behavioral profile. (continued)

Bank	Note	Gross Carrying amount RM'000	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000
2024									
Cash and cash equivalents		1,090,003	1,090,003	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	(a)	1,660,443	1,660,443	-	-	-	-	-	-
Investment account placements		7,736,685	715,400	-	1,048,288	3,342,226	1,871,507	759,264	-
Financial assets at FVTPL		2,269,618	237,016	357,050	34,535	481,138	521,083	637,866	930
Financial investments at FVOCI		22,452,420	4,289,593	1,039,116	1,369,441	5,289,581	5,776,918	4,574,310	113,461
Loans, advances and financing	(a)	52,268,735	15,307,971	2,344,393	2,209,272	8,438,347	4,150,700	19,818,052	-
Derivative financial assets		953,005	271,861	128,214	82,174	284,448	144,184	42,124	-
Statutory deposits with BNM		718,595	-	-	-	-	-	-	718,595
Other balances	(b)	1,414,553	266,179	5,139	19,349	50,382	83,103	55,815	934,586
Total assets		90,564,057	23,838,466	3,873,912	4,763,059	17,886,122	12,547,495	25,887,431	1,767,572
Deposits from customers		65,405,360	49,081,071	11,002,186	5,245,983	72,277	3,843	-	-
Deposits and placements of banks and other financial institutions		9,521,649	7,063,132	1,564,511	447,003	447,003	-	-	-
Obligations on securities sold under repurchase agreements		85,946	85,946	-	-	-	-	-	-
Bills and acceptances payable		96,319	96,319	-	-	-	-	-	-
Derivative financial liabilities		909,230	332,121	121,705	89,692	193,983	133,066	38,663	-
Lease liabilities		25,350	3,530	3,528	6,880	11,367	45	-	-
Subordinated bonds		1,050,000	-	-	-	-	-	1,050,000	-
Other balances	(c)	4,066,727	1,089,529	197,579	607,503	1,026,722	1,064,409	-	80,985
Total liabilities		81,160,581	57,751,648	12,889,509	6,397,061	1,751,352	1,201,363	1,088,663	80,985

(a) Stated at gross before ECL allowance.

(b) Other assets balances consist of other assets, property and equipment, ROU assets, tax recoverable and deferred tax assets.

(c) Other liabilities balances consist of other liabilities, tax payable and zakat but excludes lease liabilities and ECL allowances on loan commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

(i) The tables below show the Group's and the Bank's maturity analysis of assets and liabilities based on remaining contractual maturities and/or their behavioral profile. (continued)

Bank (continued)	Note	Gross Carrying amount RM'000	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000
2023									
Cash and cash equivalents		2,525,095	2,525,095	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	(a)	762,974	762,974	-	-	-	-	-	-
Investment account placements		5,124,316	5,109,520	-	-	-	-	14,796	-
Financial assets at FVTPL		1,874,038	169,434	104,184	303,696	265,935	456,450	574,339	-
Financial investments at FVOCI		18,923,924	3,287,305	814,306	2,694,383	5,453,972	4,262,528	2,298,813	112,617
Loans, advances and financing	(a)	52,941,769	14,476,126	2,235,306	1,688,202	8,856,648	4,503,573	21,181,914	-
Derivative financial assets		1,031,011	181,217	89,314	235,438	262,846	241,690	20,506	-
Statutory deposits with BNM		869,595	-	-	-	-	-	-	869,595
Other balances	(b)	1,516,303	443,359	3,710	25,943	66,902	45,261	35,294	895,834
Total assets		85,569,025	26,955,030	3,246,820	4,947,662	14,906,303	9,509,502	24,125,662	1,878,046
Deposits from customers		64,078,587	47,743,876	8,234,857	7,937,018	162,095	741	-	-
Deposits and placements of banks and other financial institutions		4,686,535	3,978,235	35	-	239,023	9,975	459,267	-
Obligations on securities sold under repurchase agreements		1,408,500	1,408,500	-	-	-	-	-	-
Bills and acceptances payable		59,983	59,983	-	-	-	-	-	-
Derivative financial liabilities		895,137	183,107	80,074	126,221	288,772	182,571	34,392	-
Lease liabilities		18,898	2,784	2,463	4,112	9,451	78	10	-
Subordinated bonds		1,050,000	-	-	-	-	-	1,050,000	-
Other balances	(c)	4,291,649	938,077	535,071	412,865	778,142	1,550,286	-	77,208
Total liabilities		76,489,289	54,314,562	8,852,500	8,480,216	1,477,483	1,743,651	1,543,669	77,208

(a) Stated at gross before ECL allowance.

(b) Other assets balances consist of other assets, property and equipment, ROU assets, tax recoverable and deferred tax assets.

(c) Other liabilities balances consist of other liabilities, tax payable and zakat but excludes lease liabilities and ECL allowances on loan commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

- (ii) The tables below show the undiscounted cash outflows of the Group's and the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table.

<u>Group</u>	<u>Note</u>	<u>Up to 3 months RM'000</u>	<u>> 3 - 6 months RM'000</u>	<u>> 6 - 12 months RM'000</u>	<u>> 1 - 3 years RM'000</u>	<u>> 3 - 5 years RM'000</u>	<u>Over 5 years RM'000</u>	<u>Total RM'000</u>
2024								
Non-derivative financial liabilities								
Deposits from customers		57,914,297	13,530,885	6,559,726	79,324	7,312	-	78,091,544
Deposits and placements of banks and other financial institutions		7,199,944	1,598,815	466,787	449,738	1,246	561	9,717,091
Obligations on securities sold under repurchase agreements		479,779	-	-	-	-	-	479,779
Bills and acceptances payable		107,214	-	-	-	-	-	107,214
Lease liabilities		4,170	4,224	8,362	14,138	51	-	30,945
Subordinated bonds		-	27,224	20,250	81,000	81,000	1,139,600	1,349,074
Other balances	(a)	923,006	112,519	553,570	1,124,221	1,107,706	-	3,821,022
		<u>66,628,410</u>	<u>15,273,667</u>	<u>7,608,695</u>	<u>1,748,421</u>	<u>1,197,315</u>	<u>1,140,161</u>	<u>93,596,669</u>
Commitments and contingencies								
Transaction-related contingent items		408,136	731,212	897,691	1,472,364	385,886	155,366	4,050,655
Short-term self-liquidating trade-related contingencies		261,970	9,926	26,080	-	-	-	297,976
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions		519,677	-	-	-	-	-	519,677
Formal standby facilities and credit lines								
- Original maturity up to one year		1,500	268,076	-	-	-	-	269,576
- Original maturity over one year		180,589	96,118	246,167	909,668	842,514	2,544,930	4,819,986
Other unconditionally cancellable commitments		22,133,357	14,583	2,816	11	636,461	2,972,799	25,760,027
		<u>23,505,229</u>	<u>1,119,915</u>	<u>1,172,754</u>	<u>2,382,043</u>	<u>1,864,861</u>	<u>5,673,095</u>	<u>35,717,897</u>

- (a) The above excludes balances with no specific maturity amounting to RM106 million (2023: RM103 million), lease liabilities and ECL allowance on credit commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

- (ii) The tables below show the undiscounted cash outflows of the Group's and the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table. (continued)

Group (continued)	Note	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2024								
Derivative financial liabilities								
Net settled derivatives								
Trading:								
- Foreign exchange derivatives		1,209	-	67	-	-	-	1,276
- Interest rate derivatives		35,279	10,397	28,199	118,271	55,651	2,756	250,553
- Equity and other derivatives		6,787	5,137	29,774	4,573	21,442	10,300	78,013
		<u>43,275</u>	<u>15,534</u>	<u>58,040</u>	<u>122,844</u>	<u>77,093</u>	<u>13,056</u>	<u>329,842</u>
Hedging:								
- Interest rate derivatives		151	53	460	1,865	(106)	-	2,423
		<u>43,426</u>	<u>15,587</u>	<u>58,500</u>	<u>124,709</u>	<u>76,987</u>	<u>13,056</u>	<u>332,265</u>
Gross settled derivatives								
Trading:								
- Foreign exchange derivatives								
- Outflow		9,813,480	3,796,017	1,976,135	2,184,587	743,756	297,775	18,811,750
- Inflow		(9,495,531)	(3,665,369)	(1,947,814)	(2,271,545)	(751,360)	(298,474)	(18,430,093)
		<u>361,375</u>	<u>146,235</u>	<u>86,821</u>	<u>37,751</u>	<u>69,383</u>	<u>12,357</u>	<u>713,922</u>
2023								
Non-derivative financial liabilities								
Deposits from customers		57,187,001	9,970,348	9,854,566	181,294	4,228	-	77,197,437
Deposits and placements of banks and other financial institutions		4,082,134	366	671	240,989	11,082	460,003	4,795,245
Obligations on securities sold under repurchase agreements		1,410,874	-	-	-	-	-	1,410,874
Bills and acceptances payable		78,461	-	-	-	-	-	78,461
Lease liabilities		69,247	2,986	4,997	11,841	138	-	89,209
Subordinated bonds		-	27,224	20,250	81,000	81,000	1,180,100	1,389,574
Other balances	(a)	828,493	446,403	379,983	916,846	1,584,057	-	4,155,782
		<u>63,656,210</u>	<u>10,447,327</u>	<u>10,260,467</u>	<u>1,431,970</u>	<u>1,680,505</u>	<u>1,640,103</u>	<u>89,116,582</u>

(a) The above excludes balances with no specific maturity amounting to RM103 million (2022: RM98 million), lease liabilities and ECL allowance on credit commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

- (ii) The tables below show the undiscounted cash outflows of the Group's and the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table. (continued)

Group (continued)	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2023							
Commitments and contingencies							
Direct credit substitutes	1,708	4,720	9,548	4,775	222	-	20,973
Transaction-related contingent items	638,022	345,715	741,527	1,202,741	484,732	114,231	3,526,968
Short-term self-liquidating trade-related contingencies	193,820	11,542	8,658	-	-	-	214,020
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions	93,038	-	-	-	-	-	93,038
Formal standby facilities and credit lines							
- Original maturity up to one year	495,357	142,278	28,000	-	-	-	665,635
- Original maturity over one year	239,363	54,590	2,821,432	629,359	323,056	2,944,091	7,011,891
Other unconditionally cancellable commitments	21,378,792	78,384	64	54,368	626,276	3,170,287	25,308,171
	<u>23,040,100</u>	<u>637,229</u>	<u>3,609,229</u>	<u>1,891,243</u>	<u>1,434,286</u>	<u>6,228,609</u>	<u>36,840,696</u>
Derivative financial liabilities							
Net settled derivatives							
Trading:							
- Foreign exchange derivatives	522	204	11	-	-	-	737
- Interest rate derivatives	44,513	25,430	41,970	124,253	93,640	2,976	332,782
- Equity and other derivatives	28,973	31,323	28,409	1,487	1,805	6,241	98,238
	<u>74,008</u>	<u>56,957</u>	<u>70,390</u>	<u>125,740</u>	<u>95,445</u>	<u>9,217</u>	<u>431,757</u>
Hedging:							
- Interest rate derivatives	108	70	485	2,150	316	-	3,129
	<u>74,116</u>	<u>57,027</u>	<u>70,875</u>	<u>127,890</u>	<u>95,761</u>	<u>9,217</u>	<u>434,886</u>
Gross settled derivatives							
Trading:							
- Foreign exchange derivatives							
- Outflow	11,855,461	3,185,930	1,673,706	3,415,595	1,264,529	15,529	21,410,750
- Inflow	(11,710,861)	(3,163,392)	(1,785,382)	(3,406,133)	(1,359,632)	(14,630)	(21,440,030)
	<u>218,716</u>	<u>79,565</u>	<u>(40,801)</u>	<u>137,352</u>	<u>658</u>	<u>10,116</u>	<u>405,606</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**42 LIQUIDITY RISK (continued)**

- (ii) The tables below show the undiscounted cash outflows of the Group's and the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table. (continued)

<u>Bank</u>	Note	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2024								
Non-derivative financial liabilities								
Deposits from customers		49,406,111	11,555,861	5,589,064	75,028	4,325	-	66,630,389
Deposits and placements of banks and other financial institutions		7,154,759	1,598,512	466,170	448,500	-	-	9,667,941
Obligations on securities sold under repurchase agreements		85,984	-	-	-	-	-	85,984
Bills and acceptances payable		96,424	-	-	-	-	-	96,424
Lease liabilities		3,775	3,829	7,573	12,837	51	-	28,065
Subordinated bonds		-	27,224	20,250	81,000	81,000	1,139,600	1,349,074
Other balances	(a)	948,963	112,092	530,993	1,123,877	1,107,658	-	3,823,583
		<u>57,696,016</u>	<u>13,297,518</u>	<u>6,614,050</u>	<u>1,741,242</u>	<u>1,193,034</u>	<u>1,139,600</u>	<u>81,681,460</u>
Commitments and contingencies								
Transaction-related contingent items		350,896	676,057	842,054	1,322,586	342,325	108,483	3,642,401
Short-term self-liquidating trade-related contingencies		188,886	8,840	26,080	-	-	-	223,806
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions		109,393	-	-	-	-	-	109,393
Formal standby facilities and credit lines								
- Original maturity up to one year		1,500	267,257	-	-	-	-	268,757
- Original maturity over one year		7,797	79,216	194,466	805,640	755,905	2,143,601	3,986,625
Other unconditionally cancellable commitments		19,506,823	14,583	2,816	-	636,461	2,857,964	23,018,647
		<u>20,165,295</u>	<u>1,045,953</u>	<u>1,065,416</u>	<u>2,128,226</u>	<u>1,734,691</u>	<u>5,110,048</u>	<u>31,249,629</u>

- (a) The above excludes balances with no specific maturity amounting to RM81 million (2023: RM77 million), lease liabilities and ECL allowance on credit commitments and financial guarantees.

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42 LIQUIDITY RISK (continued)

- (ii) The tables below show the undiscounted cash outflows of the Group's and the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table. (continued)

Bank (continued)	Note	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2024								
Derivative financial liabilities								
Net settled derivatives								
Trading:								
- Foreign exchange derivatives		1,209	-	67	-	-	-	1,276
- Interest rate derivatives		35,279	10,397	28,199	118,271	55,651	2,756	250,553
- Equity and other derivatives		6,787	5,137	29,774	4,573	21,442	10,300	78,013
		<u>43,275</u>	<u>15,534</u>	<u>58,040</u>	<u>122,844</u>	<u>77,093</u>	<u>13,056</u>	<u>329,842</u>
Hedging:								
- Interest rate derivatives		151	53	460	1,865	(106)	-	2,423
		<u>43,426</u>	<u>15,587</u>	<u>58,500</u>	<u>124,709</u>	<u>76,987</u>	<u>13,056</u>	<u>332,265</u>
Gross settled derivatives								
Trading:								
- Foreign exchange derivatives								
- Outflow		9,814,000	3,796,017	1,976,135	2,184,587	743,756	297,775	18,812,270
- Inflow		(9,496,406)	(3,665,369)	(1,947,814)	(2,271,545)	(751,360)	(298,474)	(18,430,968)
		<u>361,020</u>	<u>146,235</u>	<u>86,821</u>	<u>37,751</u>	<u>69,383</u>	<u>12,357</u>	<u>713,567</u>
2023								
Non-derivative financial liabilities								
Deposits from customers		48,063,137	8,679,264	8,768,991	169,380	815	-	65,681,587
Deposits and placements of banks and other financial institutions		4,038,544	35	-	239,063	9,975	459,267	4,746,884
Obligations on securities sold under repurchase agreements		1,410,874	-	-	-	-	-	1,410,874
Bills and acceptances payable		59,983	-	-	-	-	-	59,983
Lease liabilities		68,836	2,596	4,322	9,697	92	-	85,543
Subordinated bonds		-	27,224	20,250	81,000	81,000	1,180,100	1,389,574
Other balances	(a)	806,131	441,855	375,430	916,591	1,584,056	-	4,124,063
		<u>54,447,505</u>	<u>9,150,974</u>	<u>9,168,993</u>	<u>1,415,731</u>	<u>1,675,938</u>	<u>1,639,367</u>	<u>77,498,508</u>

(a) The above excludes balances with no specific maturity amounting to RM77 million (2022: RM76 million), lease liabilities and ECL allowance on credit commitments and financial guarantees.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (continued)**42 LIQUIDITY RISK (continued)**

- (ii) The tables below show the undiscounted cash outflows of the Group's and the Bank's financial liabilities by remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table. (continued)

Bank (continued)	Up to 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2023							
Commitments and contingencies							
Direct credit substitutes	1,708	3,336	8,945	4,157	111	-	18,257
Transaction-related contingent items	589,335	301,990	656,373	1,090,677	410,265	91,255	3,139,895
Short-term self-liquidating trade-related contingencies	159,945	11,348	8,658	-	-	-	179,951
Lending of securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions	93,038	-	-	-	-	-	93,038
Formal standby facilities and credit lines							
- Original maturity up to one year	495,357	142,278	-	-	-	-	637,635
- Original maturity over one year	236,868	53,584	2,421,393	471,164	318,821	2,663,293	6,165,123
Other unconditionally cancellable commitments	18,595,404	3,000	-	53,347	350,905	3,170,287	22,172,943
	20,171,655	515,536	3,095,369	1,619,345	1,080,102	5,924,835	32,406,842
Derivative financial liabilities							
Net settled derivatives							
Trading:							
- Foreign exchange derivatives	522	204	11	-	-	-	737
- Interest rate derivatives	44,513	25,430	41,970	124,253	93,640	2,976	332,782
- Equity and other derivatives	28,973	31,323	28,409	1,487	1,805	6,241	98,238
	74,008	56,957	70,390	125,740	95,445	9,217	431,757
Hedging:							
- Interest rate derivatives	108	70	485	2,150	316	-	3,129
	74,116	57,027	70,875	127,890	95,761	9,217	434,886
Gross settled derivatives							
Trading:							
- Foreign exchange derivatives							
- Outflow	12,050,292	3,186,314	1,674,378	3,417,754	1,289,123	15,529	21,633,390
- Inflow	(11,904,507)	(3,163,392)	(1,785,382)	(3,406,133)	(1,359,632)	(14,630)	(21,633,676)
	219,901	79,949	(40,129)	139,511	25,252	10,116	434,600

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43 INTEREST/RATE OF RETURN RISK

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates.

<u>Group</u>	<i>Non-trading Book</i>						Non interest/ profit sensitive RM'000	Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000				
2024									
Financial assets									
Cash and cash equivalents	1,279,119	-	-	-	-	682,621	-	1,961,740	
Deposits and placements with banks and other financial institutions	1,488,093	-	-	-	-	(180)	-	1,487,913	
Financial assets at FVTPL	-	-	-	-	-	-	2,269,618	2,269,618	
Financial investments at FVOCI	6,257,294	3,895,578	5,868,489	6,153,974	4,560,148	113,461	-	26,848,944	
Loans, advances and financing									
- Non credit-impaired	63,716,989	1,801,254	1,199,204	970,943	213,429	(663,620)	-	67,238,199	
- Credit-impaired	-	-	-	-	-	1,053,429	-	1,053,429	
Derivative financial assets	-	442	93	16,994	-	-	935,160	952,689	
Other assets	-	-	-	-	-	476,952	-	476,952	
Statutory deposits with BNM	-	-	-	-	-	915,095	-	915,095	
	<u>72,741,495</u>	<u>5,697,274</u>	<u>7,067,786</u>	<u>7,141,911</u>	<u>4,773,577</u>	<u>2,577,758</u>	<u>3,204,778</u>	<u>103,204,579</u>	

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Non interest/ profit sensitive RM'000		
Group (continued)								
2024								
Financial liabilities								
Deposits from customers	29,217,551	19,122,548	18,453,392	6,543	-	9,972,610	-	76,772,644
Deposits and placements of banks and other financial institutions	6,219,776	2,014,474	449,011	-	-	886,482	-	9,569,743
Obligations on securities sold under repurchase agreements	479,675	-	-	-	-	-	-	479,675
Bills and acceptances payable	-	-	-	-	-	107,214	-	107,214
Derivative financial liabilities	-	-	2,182	75	-	-	907,302	909,559
Subordinated bonds	-	-	-	-	1,050,000	-	-	1,050,000
Other liabilities	237,555	569,479	997,803	1,037,165	-	1,512,936	-	4,354,938
	<u>36,154,557</u>	<u>21,706,501</u>	<u>19,902,388</u>	<u>1,043,783</u>	<u>1,050,000</u>	<u>12,479,242</u>	<u>907,302</u>	<u>93,243,773</u>
On-statement of financial position interest/profit sensitivity gap	36,586,938	(16,009,227)	(12,834,602)	6,098,128	3,723,577	(9,901,484)	2,297,476	9,960,806
Off-statement of financial position interest/profit sensitivity gap	3,235,991	(47,701)	(270,821)	(2,521,441)	83,647	-	-	479,675
Total interest/profit sensitivity gap	<u>39,822,929</u>	<u>(16,056,928)</u>	<u>(13,105,423)</u>	<u>3,576,687</u>	<u>3,807,224</u>	<u>(9,901,484)</u>	<u>2,297,476</u>	<u>10,440,481</u>

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>						Trading Book	Total
	Up to 3 months	> 3 - 12 months	> 1 - 3 years	> 3 - 5 years	Over 5 years	Non interest/profit sensitive		
Group (continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Financial assets								
Cash and cash equivalents	3,128,099	-	-	-	-	498,880	-	3,626,979
Deposits and placements with banks and other financial institutions	352,094	-	-	-	-	(17)	-	352,077
Financial assets at FVTPL	-	5,021	-	-	-	-	1,874,038	1,879,059
Financial investments at FVOCI	3,914,384	4,070,100	6,832,583	5,091,917	2,333,730	112,617	-	22,355,331
Loans, advances and financing								
- Non credit-impaired	61,841,053	1,905,010	1,316,678	699,841	118,976	(568,439)	-	65,313,119
- Credit-impaired	-	-	-	-	-	1,498,239	-	1,498,239
Derivative financial assets	-	-	984	1,062	-	-	1,028,574	1,030,620
Other assets	-	-	-	-	-	475,752	-	475,752
Statutory deposits with BNM	-	-	-	-	-	1,054,595	-	1,054,595
	69,235,630	5,980,131	8,150,245	5,792,820	2,452,706	3,071,627	2,902,612	97,585,771

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>					Non interest/ profit sensitive RM'000	Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000			
<u>Group</u> (continued)								
2023								
Financial liabilities								
Deposits from customers	29,149,376	18,482,486	17,734,023	3,841	-	10,131,370	-	75,501,096
Deposits and placements of banks and other financial institutions	3,938,412	-	10,577	-	-	764,163	-	4,713,152
Obligations on securities sold under repurchase agreements	1,408,500	-	-	-	-	-	-	1,408,500
Bills and acceptances payable	-	-	-	-	-	78,461	-	78,461
Derivative financial liabilities	-	-	-	2,890	-	-	891,478	894,368
Subordinated bonds	-	-	-	-	1,050,000	-	-	1,050,000
Other liabilities	253,055	739,160	755,847	1,523,897	-	1,390,712	-	4,662,671
	34,749,343	19,221,646	18,500,447	1,530,628	1,050,000	12,364,706	891,478	88,308,248
On-statement of financial position interest/profit sensitivity gap	34,486,287	(13,241,515)	(10,350,202)	4,262,192	1,402,706	(9,293,079)	2,011,134	9,277,523
Off-statement of financial position interest/profit sensitivity gap	410,000	-	986,259	(360,000)	372,241	-	-	1,408,500
Total interest/profit sensitivity gap	34,896,287	(13,241,515)	(9,363,943)	3,902,192	1,774,947	(9,293,079)	2,011,134	10,686,023

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000		
Bank								
2024								
Financial assets								
Cash and cash equivalents	492,865	-	-	-	-	597,138	-	1,090,003
Deposits and placements with banks and other financial institutions	1,660,443	-	-	-	-	(180)	-	1,660,263
Investment account placements	7,736,685	-	-	-	-	(14,850)	-	7,721,835
Financial assets at FVTPL	-	-	-	-	-	-	2,269,618	2,269,618
Financial investments at FVOCI	4,897,526	3,018,917	4,937,088	4,930,285	4,555,143	113,461	-	22,452,420
Loans, advances and financing								
- Non credit-impaired	47,761,528	1,397,269	1,099,751	741,019	199,148	(598,194)	-	50,600,521
- Credit-impaired	-	-	-	-	-	832,355	-	832,355
Derivative financial assets	-	442	93	16,994	-	-	935,476	953,005
Other assets	-	-	-	-	-	475,896	-	475,896
Statutory deposits with BNM	-	-	-	-	-	718,595	-	718,595
	62,549,047	4,416,628	6,036,932	5,688,298	4,754,291	2,124,221	3,205,094	88,774,511

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000		
Bank (continued)								
2024								
Financial liabilities								
Deposits from customers	25,536,817	16,248,168	14,971,306	3,843	-	8,645,226	-	65,405,360
Deposits and placements of banks and other financial institutions	6,219,776	2,014,276	448,298	-	-	839,299	-	9,521,649
Obligations on securities sold under repurchase agreements	85,946	-	-	-	-	-	-	85,946
Bills and acceptances payable	-	-	-	-	-	96,319	-	96,319
Derivative financial liabilities	-	-	2,182	75	-	-	906,973	909,230
Subordinated bonds	-	-	-	-	1,050,000	-	-	1,050,000
Other liabilities	237,555	569,479	997,803	1,037,165	-	1,420,069	-	4,262,071
	<u>32,080,094</u>	<u>18,831,923</u>	<u>16,419,589</u>	<u>1,041,083</u>	<u>1,050,000</u>	<u>11,000,913</u>	<u>906,973</u>	<u>81,330,575</u>
On-statement of financial position interest/profit sensitivity gap	30,468,953	(14,415,295)	(10,382,657)	4,647,215	3,704,291	(8,876,692)	2,298,121	7,443,936
Off-statement of financial position interest/profit sensitivity gap	3,235,991	(47,701)	(370,000)	(2,815,991)	83,647	-	-	85,946
Total interest/profit sensitivity gap	<u>33,704,944</u>	<u>(14,462,996)</u>	<u>(10,752,657)</u>	<u>1,831,224</u>	<u>3,787,938</u>	<u>(8,876,692)</u>	<u>2,298,121</u>	<u>7,529,882</u>

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000		
Bank (continued)								
2023								
Financial assets								
Cash and cash equivalents	2,108,781	-	-	-	-	416,314	-	2,525,095
Deposits and placements with banks and other financial institutions	762,974	-	-	-	-	(17)	-	762,957
Investment account placements	5,109,520	-	-	-	-	(14,338)	-	5,095,182
Financial assets at FVTPL	-	-	-	-	-	-	1,874,038	1,874,038
Financial investments at FVOCI	3,296,731	3,508,689	5,444,546	4,262,528	2,298,813	112,617	-	18,923,924
Loans, advances and financing								
- Non credit-impaired	47,980,131	1,511,779	1,149,920	594,291	108,460	(505,077)	-	50,839,504
- Credit-impaired	-	-	-	-	-	1,205,113	-	1,205,113
Derivative financial assets	-	-	984	1,062	-	-	1,028,965	1,031,011
Other assets	-	-	-	-	-	630,343	-	630,343
Statutory deposits with BNM	-	-	-	-	-	869,595	-	869,595
	59,258,137	5,020,468	6,595,450	4,857,881	2,407,273	2,714,550	2,903,003	83,756,762

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43 INTEREST/RATE OF RETURN RISK (continued)

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rate on the financial position and cashflows. The following tables summarise the Group's and the Bank's exposures to interest/rate of return risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates. (continued)

	<i>Non-trading Book</i>						Trading Book RM'000	Total RM'000
	Up to 3 months RM'000	> 3 - 12 months RM'000	> 1 - 3 years RM'000	> 3 - 5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000		
Bank (continued)								
2023								
Financial liabilities								
Deposits from customers	24,790,314	16,171,875	14,144,866	741	-	8,970,791	-	64,078,587
Deposits and placements of banks and other financial institutions	3,938,412	-	8,846	-	-	739,277	-	4,686,535
Obligations on securities sold under repurchase agreements	1,408,500	-	-	-	-	-	-	1,408,500
Bills and acceptances payable	-	-	-	-	-	59,983	-	59,983
Derivative financial liabilities	-	-	-	2,890	-	-	892,247	895,137
Subordinated bonds	-	-	-	-	1,050,000	-	-	1,050,000
Other liabilities	253,055	739,160	755,847	1,523,897	-	1,245,402	-	4,517,361
	30,390,281	16,911,035	14,909,559	1,527,528	1,050,000	11,015,453	892,247	76,696,103
On-statement of financial position interest/profit sensitivity gap	28,867,856	(11,890,567)	(8,314,109)	3,330,353	1,357,273	(8,300,903)	2,010,756	7,060,659
Off-statement of financial position interest/profit sensitivity gap	410,000	-	986,259	(360,000)	372,241	-	-	1,408,500
Total interest/profit sensitivity gap	29,277,856	(11,890,567)	(7,327,850)	2,970,353	1,729,514	(8,300,903)	2,010,756	8,469,159

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The impact on the net interest/finance income is simulated under various interest/profit rate assumptions. The below table sets out the impact on net interest/finance income based on a 50 bps parallel shift in interest/profit rates at the reporting date, for a period of 12 months:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
+ 50 bps	93,300	79,100	76,100	64,900
- 50 bps	(123,800)	(109,100)	(101,100)	(88,800)

The 50 bps shock impact on net interest/finance income is based on simplified scenarios, using the Group's and the Bank's interest/profit risk profile as at the reporting date. It does not take into account actions that would be taken by the Global Markets Division or business units to mitigate the impact of the interest/rate of return risk. In reality, the Group and the Bank seeks to proactively change the interest/rate of return risk profile to minimise losses and maximise net revenues. The projection assumes that interest/profit rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest/finance income of some rates changing while others remain unchanged. The projections also assume a constant statement of financial position and that all positions run to maturity.

44 CURRENCY RISK

<u>Group</u>	MYR RM'000	USD RM'000	AUD RM'000	SGD RM'000	Others RM'000	Total RM'000
2024						
Financial assets						
Cash and cash equivalents	1,597,827	133,052	17,469	70,827	142,565	1,961,740
Deposits and placements with banks and other financial institutions	1,191,111	221,332	-	-	75,470	1,487,913
Financial assets at FVTPL	2,268,326	930	361	-	1	2,269,618
Financial investments at FVOCI	23,174,157	1,953,213	1,312,974	-	408,600	26,848,944
Loans, advances and financing	58,300,570	8,612,596	441,441	151,297	785,724	68,291,628
Derivative financial assets	701,766	218,108	8,197	1,940	22,678	952,689
Other assets	422,515	33,795	9,740	782	10,120	476,952
Statutory deposits with Bank Negara Malaysia	915,095	-	-	-	-	915,095
	88,571,367	11,173,026	1,790,182	224,846	1,445,158	103,204,579
Financial liabilities						
Deposits from customers	65,819,845	7,696,865	836,536	830,192	1,589,206	76,772,644
Deposits and placements of banks and other financial institutions	850,784	8,409,592	16,673	377	292,317	9,569,743
Obligations on securities sold under repurchase agreements	393,729	85,946	-	-	-	479,675
Bills and acceptances payable	107,214	-	-	-	-	107,214
Derivative financial liabilities	661,646	216,491	8,482	2,641	20,299	909,559
Other liabilities	3,643,785	201,221	196,586	98,588	214,758	4,354,938
Subordinated bonds	1,050,000	-	-	-	-	1,050,000
	72,527,003	16,610,115	1,058,277	931,798	2,116,580	93,243,773
Net financial assets/ (liabilities) exposure	16,044,364	(5,437,089)	731,905	(706,952)	(671,422)	9,960,806

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Group (continued)	MYR RM'000	USD RM'000	AUD RM'000	SGD RM'000	Others RM'000	Total RM'000
2023						
Financial assets						
Cash and cash equivalents	3,185,852	248,472	16,812	91,104	84,739	3,626,979
Deposits and placements with banks and other financial institutions	36,850	315,227	-	-	-	352,077
Financial assets at FVTPL	1,866,049	-	12,974	35	1	1,879,059
Financial investments at FVOCI	20,865,496	582,889	579,964	-	326,982	22,355,331
Loans, advances and financing	57,991,856	7,627,151	533,522	41,614	617,215	66,811,358
Derivative financial assets	503,466	493,201	11,822	2,350	19,781	1,030,620
Other assets	434,276	32,055	5,165	1,254	3,002	475,752
Statutory deposits with Bank Negara Malaysia	1,054,595	-	-	-	-	1,054,595
	85,938,440	9,298,995	1,160,259	136,357	1,051,720	97,585,771
Financial liabilities						
Deposits from customers	66,497,687	6,365,866	739,525	855,522	1,042,496	75,501,096
Deposits and placements of banks and other financial institutions	996,219	3,710,068	-	153	6,712	4,713,152
Obligations on securities sold under repurchase agreements	1,396,822	11,678	-	-	-	1,408,500
Bills and acceptances payable	74,289	4,080	92	-	-	78,461
Derivative financial liabilities	462,486	392,078	16,665	3,736	19,403	894,368
Other liabilities	4,088,766	174,551	162,261	68,486	168,607	4,662,671
Subordinated bonds	1,050,000	-	-	-	-	1,050,000
	74,566,269	10,658,321	918,543	927,897	1,237,218	88,308,248
Net financial assets/ (liabilities) exposure	11,372,171	(1,359,326)	241,716	(791,540)	(185,498)	9,277,523
Bank						
2024						
Financial assets						
Cash and cash equivalents	708,648	178,525	15,682	55,014	132,134	1,090,003
Deposits and placements with banks and other financial institutions	1,341,111	243,682	-	-	75,470	1,660,263
Investment account placements	5,571,751	2,150,084	-	-	-	7,721,835
Financial assets at FVTPL	2,268,326	930	361	-	1	2,269,618
Financial investments at FVOCI	18,777,633	1,953,213	1,312,974	-	408,600	22,452,420
Loans, advances and financing	44,802,806	5,259,654	441,441	143,251	785,724	51,432,876
Derivative financial assets	702,082	218,108	8,197	1,940	22,678	953,005
Other assets	411,722	43,273	9,740	1,045	10,116	475,896
Statutory deposits with Bank Negara Malaysia	718,595	-	-	-	-	718,595
	75,302,674	10,047,469	1,788,395	201,250	1,434,723	88,774,511

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44 CURRENCY RISK (continued)

Bank (continued)	MYR RM'000	USD RM'000	AUD RM'000	SGD RM'000	Others RM'000	Total RM'000
2024						
Financial liabilities						
Deposits from customers	55,031,930	7,313,970	823,246	707,724	1,528,490	65,405,360
Deposits and placements of banks and other financial institutions	802,690	8,409,592	16,673	377	292,317	9,521,649
Obligations on securities sold under repurchase agreements	-	85,946	-	-	-	85,946
Bills and acceptances payable	96,319	-	-	-	-	96,319
Derivative financial liabilities	661,317	216,491	8,482	2,641	20,299	909,230
Other liabilities	3,555,336	200,025	196,650	95,343	214,717	4,262,071
Subordinated bonds	1,050,000	-	-	-	-	1,050,000
	61,197,592	16,226,024	1,045,051	806,085	2,055,823	81,330,575
Net financial assets/ (liabilities) exposure	14,105,082	(6,178,555)	743,344	(604,835)	(621,100)	7,443,936
2023						
Financial assets						
Cash and cash equivalents	2,114,632	247,648	14,552	80,929	67,334	2,525,095
Deposits and placements with banks and other financial institutions	286,850	476,107	-	-	-	762,957
Investment account placements	2,884,234	2,210,948	-	-	-	5,095,182
Financial assets at FVTPL	1,861,028	-	12,974	35	1	1,874,038
Financial investments at FVOCI	17,434,089	582,889	579,964	-	326,982	18,923,924
Loans, advances and financing	46,162,064	4,691,034	533,522	40,782	617,215	52,044,617
Derivative financial assets	503,857	493,201	11,822	2,350	19,781	1,031,011
Other assets	582,079	38,750	5,255	1,256	3,003	630,343
Statutory deposits with Bank Negara Malaysia	869,595	-	-	-	-	869,595
	72,698,428	8,740,577	1,158,089	125,352	1,034,316	83,756,762
Financial liabilities						
Deposits from customers	55,708,985	5,917,801	725,312	743,540	982,949	64,078,587
Deposits and placements of banks and other financial institutions	973,621	3,710,068	-	152	2,694	4,686,535
Obligations on securities sold under repurchase agreements	1,396,822	11,678	-	-	-	1,408,500
Bills and acceptances payable	55,811	4,080	92	-	-	59,983
Derivative financial liabilities	463,255	392,078	16,665	3,736	19,403	895,137
Other liabilities	3,937,352	174,115	162,107	75,275	168,512	4,517,361
Subordinated bonds	1,050,000	-	-	-	-	1,050,000
	63,585,846	10,209,820	904,176	822,703	1,173,558	76,696,103
Net financial assets/ (liabilities) exposure	9,112,582	(1,469,243)	253,913	(697,351)	(139,242)	7,060,659

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44 CURRENCY RISK (continued)

Value-at-Risk ("VaR")

The usage of market VaR by risk type based on 1-day holding period of the Group's and Bank's trading exposures are set out below:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
VaR				
- Interest/Rate of return risk	3,078	3,526	3,078	3,526
- Currency risk	697	2,112	724	2,109
- Credit spread risk	224	191	224	191
- Price risk	21	-	21	-
- Total	4,019	3,889	4,046	3,880

45 CAPITAL ADEQUACY

Capital Management

The key objective of the Group's capital management policy is to maintain a strong capital position to support business growth and to sustain investor, depositor, customer and market confidence. The Group actively manages its capital composition with an optimal mix of capital instruments in order to keep the overall cost of capital low.

The Group's capital is closely monitored and actively managed to ensure that there is sufficient capital to support business growth and to pursue strategic business that will create value for our stakeholders, while taking into consideration OCBC Malaysia's risk appetite. The Group's internal capital adequacy assessment process ("ICAAP") involves a comprehensive assessment of all material risks that the Group is exposed to and an evaluation of the adequacy of the Group's capital in relation to those risks. This includes an annual capital planning exercise to forecast capital demands and assess the Group's capital adequacy over a multi-year horizon. This process takes into consideration the Group's business strategy, operating environment, regulatory changes, target capital ratios and composition, as well as expectations of its various stakeholders. In addition, capital stress tests are conducted to understand the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios, and to evaluate how the Group can continue to maintain adequate capital under such scenarios.

Capital Adequacy Ratios

The Group is in compliance with BNM's Capital Adequacy Framework which requires banks to meet minimum Common Equity Tier 1 ("CET1"), Tier 1 and Total Capital Adequacy Ratio ("CAR") of 7.0%, 8.5% and 10.5% respectively (inclusive of Capital Conservation Buffer of 2.5%).

The Group is subject to a Countercyclical Buffer requirement if applied by regulators in countries which the Group has credit exposures to. Generally in the range of 0% to 2.5% of risk-weighted assets, the Countercyclical Buffer is not an ongoing requirement but it may be applied by regulators to limit excessive credit growth in their economy.

On 9 December 2020, BNM implemented transitional arrangements for regulatory capital treatment of accounting provisions which allow the Bank to add back a portion of the Stage 1 and Stage 2 provisions for ECL to CET1 capital, subject to eligibility. The Group elected to apply the transitional arrangements for four financial years commencing with the financial year ended 31 December 2020, with the transitional benefits add-back starting at 100% in 2020, then reducing to 75% in 2022, 50% in 2023 and 0% in 2024.

The table below shows the composition of the Group's and the Bank's regulatory capital and capital adequacy ratios which was determined in accordance with the requirements of BNM's Capital Adequacy Framework (Capital Components), with application of transitional arrangements. The Group and the Bank computes total risk-weighted assets based on the Internal Rating Based Approach for Credit Risk for their major credit portfolios and the Standardised Approach for Market Risk and Operational Risk respectively.

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	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CET 1 capital				
Paid-up ordinary share capital	754,000	754,000	754,000	754,000
Retained earnings	8,829,094	8,189,412	6,949,437	6,591,682
Other reserves	712,869	676,361	620,541	592,120
Regulatory adjustment for CET 1 capital	(912,072)	(815,090)	(1,345,684)	(1,255,868)
Tier 1 capital	9,383,891	8,804,683	6,978,294	6,681,934
Stage 1 and 2 ECL and qualifying regulatory reserves under the Standardised Approach	26,324	20,509	24,494	18,502
Surplus eligible provisions over expected losses	288,475	281,308	245,500	235,848
Subordinated bonds	1,050,000	1,050,000	1,050,000	1,050,000
Tier 2 capital	1,364,799	1,351,817	1,319,994	1,304,350
Capital base	10,748,690	10,156,500	8,298,288	7,986,284
Before proposed dividend				
CET 1 capital ratio	16.319%	15.936%	14.197%	14.355%
Tier 1 capital ratio	16.319%	15.936%	14.197%	14.355%
Total capital ratio	18.692%	18.382%	16.883%	17.157%
After proposed dividend				
CET 1 capital ratio	15.559%	15.462%	13.308%	13.793%
Tier 1 capital ratio	15.559%	15.462%	13.308%	13.793%
Total capital ratio	17.932%	17.909%	15.994%	16.595%

The Group elected to apply the transitional arrangements for regulatory capital treatment of accounting provisions for four financial years commencing in 2020. Had the transitional arrangements not been applied, the Group's and the Bank's capital adequacy ratios would be as follows:

After proposed dividend				
CET 1 capital ratio	15.559%	15.342%	13.308%	13.664%
Tier 1 capital ratio	15.559%	15.342%	13.308%	13.664%
Total capital ratio	17.932%	17.789%	15.994%	16.467%

Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weights:

Total RWA for credit risk	50,185,027	48,525,293	42,876,130	40,788,273
Total RWA for market risk	939,089	845,887	933,020	834,766
Total RWA for operational risk	6,379,417	5,879,771	5,342,831	4,924,278
	57,503,533	55,250,951	49,151,981	46,547,317

The capital adequacy ratios of OCBC Al-Amin, OCBC Malaysia's Islamic Banking subsidiary, are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components), applying the transitional arrangements. OCBC Al-Amin adopted the Internal Ratings Based Approach for Credit Risk for its major credit portfolios, whilst the other credit portfolios are on the Standardised Approach. For market and operational risks, OCBC Al-Amin has adopted the Standardised Approach and the Basic Indicator Approach respectively.

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The capital adequacy ratios of OCBC Al-Amin are as follows:

	2024	2023
CET 1/Tier 1 capital ratio	28.540%	24.025%
Total capital ratio	<u>29.081%</u>	<u>24.575%</u>

Had the transitional arrangements not been applied, OCBC Al-Amin Bank Berhad capital adequacy ratios would be as follows:

CET 1/Tier 1 capital ratio	28.540%	23.949%
Total capital ratio	<u>29.081%</u>	<u>24.499%</u>

46 INTEREST RATE BENCHMARK REFORM

Malaysia Overnight Rate ("MYOR") is running parallel to KLIBOR as of the reporting date, with the full transition to MYOR ongoing and uncertainties persisting regarding the timeline and details of these changes. The Group and the Bank will, however, closely monitor BNM's announcement on the MYOR and the discontinuation of KLIBOR publication for the selected tenors, and the Bank will engage with its counterparties to discuss the necessary contract changes.

As at 31 December 2024, the notional amount of hedging instruments referencing to KLIBOR is RM3,160 million (31 December 2023: RM410 million) for the Group and the Bank.

The following table shows the total amount of non-derivative financial assets and derivative financial instruments that have yet to transition to an alternative benchmark rate as at 31 December 2024.

KLIBOR

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
KLIBOR				
Gross carrying amount				
Loans, advances and financing	3,846,620	2,908,450	2,916,715	2,191,730
Non-derivative financial asset	<u>3,846,620</u>	<u>2,908,450</u>	<u>2,916,715</u>	<u>2,191,730</u>
Notional amount				
Derivative financial instruments	47,555,555	47,766,974	47,555,555	47,766,974
	<u>47,555,555</u>	<u>47,766,974</u>	<u>47,555,555</u>	<u>47,766,974</u>