

Announcement

Co. Reg. No. 193500026Z

To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

Unaudited Financial Results for the First Half Ended 30 June 2023

Details of the financial results are in the accompanying Condensed Interim Financial Statements.

Dividends for the First Half Ended 30 June 2023

Ordinary share dividend

An interim one-tier tax-exempt dividend of 85 cents (1H22: 60 cents) per ordinary share has been declared in respect of the financial year ending 31 December 2023. The dividend will be paid in cash on 18 August 2023. The UOB scrip dividend scheme will not be applied to the interim dividend.

Notice is hereby given that the Share Transfer Books and Register of Members of the Bank will be closed on 8 August 2023, for determining shareholders' entitlements to the interim dividend. Registrable transfers received by the Bank's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 pm on 7 August 2023 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the interim dividend will be computed based on the shareholdings position after settlement of all trades on 7 August 2023 ("Record Date"). The interim dividend will be paid by the Bank to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

Interested Person Transactions

The Bank has not obtained a general mandate from shareholders for Interested Person Transactions.

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the first half ended 30 June 2023 to be false or misleading in any material aspect.





Undertakings from Directors and Executive Officers

The Bank has procured undertakings in the form set out in Appendix 7.7 of the Listing Manual from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED**

Jeffrey Beh / Theresa Sim
Company Secretaries

Dated this 27th day of July 2023

The results are also available at www.UOBgroup.com





UNITED OVERSEAS BANK LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Financial Statements
For the First Half Ended 30 June 2023**

**United Overseas Bank Limited
Incorporated in the Republic of Singapore
Company Registration No. 193500026Z**

United Overseas Bank Limited and Its Subsidiaries

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Notes

- 1 The condensed interim financial statements are unaudited and presented in Singapore Dollars.
- 2 Certain comparative figures have been restated to conform with the current period's presentation.
- 3 Certain figures in this report may not add up to the respective totals due to rounding.
- 4 Amounts less than \$500,000 in absolute term are shown as "0".
- 5 The Group refers to United Overseas Bank Limited and its subsidiaries.
- 6 The Bank refers to United Overseas Bank Limited.

Abbreviation

- "1H23" and "1H22" denote the first half of 2023 and 2022 respectively.
"2H22" denotes the second half of 2022.
"NM" denotes not meaningful.
"NA" denotes not applicable.

United Overseas Bank Limited and Its Subsidiaries

Financial Highlights

	1H23	1H22	+/(-) %	2H22	+/(-) %
Selected income statement items (\$m)					
Net interest income	4,846	3,549	37	4,794	1
Net fee and commission income	1,075	1,139	(6)	1,004	7
Other non-interest income	1,144	374	>100	716	60
Total income	7,065	5,061	40	6,514	8
Less: Operating expenses	2,889	2,241	29	2,775	4
Operating profit	4,177	2,820	48	3,739	12
Less: Amortisation of intangible assets	10	-	NM	3	>100
Allowance for credit and other losses	534	315	69	288	85
Add: Share of profit of associates and joint ventures	51	52	(1)	46	11
Net profit before tax	3,684	2,557	44	3,494	5
Less: Tax and non-controlling interests	600	538	11	693	(13)
Core net profit	3,084	2,018	53	2,801	10
Less: One-off expenses					
Citi integration costs (net of tax)	159	-	NM	70	>100
Stamp duty	-	-	-	176	NM
Net profit (including one-off expenses) ¹	2,925	2,018	45	2,555	15

Selected balance sheet items (\$m)

Gross customer loans	318,979	321,677	(1)	319,663	(0)
Customer deposits	376,762	358,051	5	368,553	2
Total assets	505,563	493,288	2	504,260	0
Shareholders' equity ¹	45,689	42,257	8	43,366	5

Key financial ratios (%)

Net interest margin ²	2.13	1.63		2.08	
Non-interest income/Total income	31.4	29.9		26.4	
Cost/Income ratio ³	40.9	44.3		42.6	
Overseas profit before tax contribution ³	32.3	36.8		36.6	
Credit costs on loans (bp) ²					
General	4	-		(4)	
Specific	23	20		23	
Total	27	20		19	
NPL ratio ⁴	1.6	1.7		1.6	

Notes:

- 1 Relates to amount attributable to equity holders of the Bank.
- 2 Computed on an annualised basis.
- 3 Excluding one-off expenses.
- 4 Refers to non-performing loans as a percentage of gross customer loans.

United Overseas Bank Limited and Its Subsidiaries

Financial Highlights (cont'd)

	1H23	1H22	2H22
Key financial ratios (%) (cont'd)			
Return on average ordinary shareholders' equity ^{1,2,3}	14.5	9.9	13.9
Return on average total assets ^{1,3}	1.22	0.85	1.12
Return on average risk-weighted assets ^{1,3}	2.38	1.53	2.14
Loan/Deposit ratio ⁴	83.5	88.7	85.6
Liquidity coverage ratios ("LCR") ^{5,9}			
All-currency	160	135	145
Singapore Dollar	336	307	254
Net stable funding ratio ("NSFR") ^{6,9}	121	111	116
Capital adequacy ratios			
Common Equity Tier 1	13.6	13.1	13.3
Tier 1	15.0	14.0	14.4
Total	17.3	16.4	16.7
Leverage ratio ⁷	7.0	6.6	6.6
Earnings per ordinary share (\$) ^{1,2}			
Basic	3.42	2.37	3.15
Diluted	3.41	2.36	3.14
Net asset value ("NAV") per ordinary share (\$) ⁸	25.11	23.81	24.24
Revalued NAV per ordinary share (\$) ⁸	28.26	26.90	27.39

Notes:

- 1 Computed on an annualised basis.
- 2 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
- 3 Excluding one-off expenses.
- 4 Refers to net customer loans and customer deposits.
- 5 Figures reported are based on average LCR for the respective periods, calculated based on MAS Notice 651. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times.
- 6 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained.
- 7 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
- 8 Perpetual capital securities are excluded from the computation.
- 9 Public disclosure required under MAS Notice 651 and 653 is available on the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.

Performance Review

1H23 versus 1H22

Core net profit for 1H23 grew 53% to \$3.1 billion from a year ago, driven by strong net interest income and trading and investment income. Including the one-off Citi integration expenses, net profit was at \$2.9 billion.

Net interest income increased 37% to \$4.8 billion, boosted by robust net interest margin which expanded 50 basis points to 2.13% on higher interest rates.

Net fee and commission income eased to \$1.1 billion, from softer lending and capital market activities, while cautious investor sentiments hampered wealth recovery. However, credit card fee registered a new high, spurred by higher card spending as well as the consolidation of Citigroup's consumer business in three regional markets.

Other non-interest income surged to \$1.1 billion, driven by record high customer-related treasury income from increased hedging demands and good performance from trading and liquidity management activities.

While total core expenses rose 29% to \$2.9 billion, this was outpaced by income growth, hence cost-to-income ratio improved by 3.4% points to 40.9%. The Group continued to prioritise strategic investment in people and technology while maintaining cost discipline.

Total allowance increased to \$534 million in 1H23 from \$315 million a year ago. Specific allowance was higher largely due to a major corporate account in Thailand. Coupled with pre-emptive general allowance set aside on prudence, total credit costs on loans increased to 27 basis points for 1H23.

1H23 versus 2H22

Compared with the second half of last year, core net profit was 10% higher at \$3.1 billion. Including the one-off expenses, net profit stood at \$2.9 billion.

Net fee and commission income was up 7%, mainly led by higher card and wealth management fees. Other non-interest income rose 60% on higher customer-related treasury income as well as exceptional performance from trading and liquidity management activities.

Excluding the one-off expenses relating to Citi acquisition, core operating expenses increased 4%, mainly led by higher staff and IT-related costs. The cost-to-income ratio improved 1.7% points to 40.9% on the back of strong income growth and prudent cost management. Total allowance increased rose to \$534 million mainly on pre-emptive general allowance set aside on prudence.

Asset Quality

Asset quality remained stable with NPL ratio at 1.6% as of 30 June 2023. The non-performing assets coverage strengthened to 99% or 209% after taking collateral into account. Performing loans coverage improved to 1.0%.

The Group continued to maintain strong allowance coverage in anticipation of potential macro uncertainties ahead.

Capital, Funding and Liquidity Positions

The Group's liquidity and funding positions remained healthy with 1H23's average all-currency liquidity coverage ratio at 160% and net stable funding ratio at 121%, well above the minimum regulatory requirements. The loan-to-deposit ratio was stable at 83.5%.

As at 30 June 2023, the Group's Common Equity Tier 1 Capital Adequacy Ratio was steady at 13.6%. Leverage ratio remained healthy at 7.0%, well above the regulatory requirement of 3%.

United Overseas Bank Limited and Its Subsidiaries

Net Interest Income

Net interest margin

	1H23			1H22			2H22		
	Average balance	Average Interest	Average rate	Average balance	Average Interest	Average rate	Average balance	Average Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Interest bearing assets									
Customer loans	312,180	7,931	5.12	315,663	3,884	2.48	317,478	6,265	3.91
Interbank balances	76,586	1,588	4.18	66,280	329	1.00	70,185	1,038	2.93
Securities	69,765	1,084	3.13	58,101	464	1.61	69,036	881	2.53
Total	458,531	10,603	4.66	440,044	4,678	2.14	456,699	8,184	3.55
Interest bearing liabilities									
Customer deposits	375,241	4,674	2.51	360,422	931	0.52	365,145	2,519	1.37
Interbank balances/others	54,248	1,083	4.03	55,614	198	0.72	64,266	871	2.69
Total	429,489	5,757	2.70	416,035	1,129	0.55	429,411	3,390	1.57
Net interest margin ¹			2.13			1.63			2.08

Volume and rate analysis

	1H23 vs 1H22			1H23 vs 2H22		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m
Interest income						
Customer loans	(43)	4,089	4,047	(105)	1,901	1,797
Interbank balances	52	1,208	1,259	95	482	577
Securities	93	526	619	9	212	221
Total	102	5,823	5,925	(1)	2,595	2,595
Interest expense						
Customer deposits	38	3,705	3,743	70	2,163	2,232
Interbank balances/others	(5)	890	885	(136)	366	230
Total	33	4,595	4,628	(66)	2,529	2,462
Change in number of days	-	-	-	-	-	(79)
Net interest income	69	1,228	1,297	65	66	52

Net interest income for the first half of 2023 grew 37% against last year to \$4.8 billion, boosted by robust net interest margin which expanded 50 basis points to 2.13% on higher interest rates.

Compared with the second half last year, net interest income was 1% higher, contributed by higher net interest margin.

Note:

¹ Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

United Overseas Bank Limited and Its Subsidiaries

Non-Interest Income

	1H23	1H22	+ / (-)	2H22	+ / (-)
	\$m	\$m	%	\$m	%
Net fee and commission income					
Credit card ¹	426	268	59	361	18
Fund management ⁴	110	115	(5)	107	3
Wealth management ⁴	298	317	(6)	256	16
Loan-related ²	308	395	(22)	300	3
Service charges ⁴	72	70	3	70	3
Trade-related ³	156	164	(5)	162	(4)
Others ⁴	4	6	(42)	4	(1)
	1,373	1,335	3	1,260	9
Less: Fee and commission expenses	298	196	52	256	17
	1,075	1,139	(6)	1,004	7
Other non-interest income					
Net trading income	834	317	>100	748	12
Net gain/(loss) from investment securities	119	(59)	>100	(176)	>100
Dividend income	35	27	33	14	>100
Rental income	49	53	(8)	56	(13)
Other income	107	35	>100	74	46
	1,144	374	>100	716	60
Total	2,219	1,512	47	1,720	29

Net fee and commission income eased to \$1.1 billion, from softer lending and capital market activities, while cautious investor sentiments hampered wealth recovery. However, credit card fee registered a new high, spurred by higher card spending as well as the consolidation of Citigroup's consumer business in three regional markets.

Other non-interest income surged to \$1.1 billion, driven by record high customer-related treasury income from increased hedging demands and good performance from trading and liquidity management activities.

Against the second half of last year, net fee and commission income was 7% higher, led by higher card and wealth management fees. Other non-interest income rose 60% to \$1.1 billion on higher customer-related treasury income and strong performance from trading and liquidity management activities.

Notes:

- Credit card fees are net of interchange fees paid.
- Loan-related fees include fees earned from corporate finance activities.
- Trade-related fees include trade, remittance and guarantees related fees.
- With effect from 1 January 2023, wealth-related income previously reported under fund management, services charges and others has been reclassified to wealth management income to better align to market practice. Comparatives have been restated accordingly.

United Overseas Bank Limited and Its Subsidiaries

Operating Expenses

	1H23	1H22	+ / (-)	2H22	+ / (-)
	\$m	\$m	%	\$m	%
Staff costs	1,737	1,323	31	1,678	4
Other operating expenses					
Revenue-related	516	293	76	436	18
IT-related	497	357	39	413	21
Occupancy-related	175	155	13	163	7
Others	162	113	43	350	(54)
	1,350	918	47	1,362	(1)
Total	3,087	2,241	38	3,040	2
Of which,					
Depreciation of assets	289	249	16	285	1
One-off expenses					
- Citi integration cost	198	-	NM	89	>100
- Stamp duty	-	-	-	176	NM
Employees (number)	30,306	24,516	24	28,661	6

Total operating expenses of \$3.1 billion for the first half of the year, included the one-off expenses of \$198 million related to acquisition of Citigroup's consumer business. While total core expenses rose 29% to \$2.9 billion, this was outpaced by income growth, hence core cost-to-income ratio improved by 3.4% points to 40.9%. The Group continued to prioritise strategic investment in people and technology while maintaining cost discipline.

Against 2H22, the cost-to-income ratio also improved to 40.9%, excluding one-off expenses.

United Overseas Bank Limited and Its Subsidiaries

Allowance for Credit and Other Losses

	1H23	1H22	+ / (-)	2H22	+ / (-)
	\$m	\$m	%	\$m	%
General allowance ¹	178	4	>100	(157)	>100
Specific allowance ²					
Specific allowance on loans ³	366	314	17	380	(4)
Singapore	90	26	>100	49	84
Malaysia	50	89	(44)	171	(71)
Thailand	174	23	>100	118	47
Indonesia	(28)	48	(>100)	57	(>100)
Greater China ⁴	27	135	(80)	(35)	>100
Others	53	(6)	>100	20	>100
Specific allowance on securities and others	(10)	(3)	(>100)	65	(>100)
Total	534	315	70	288	85

Total allowance increased to \$534 million in 1H23. This was largely driven by higher specific allowance due to downgrade of a major corporate account in Thailand. Coupled with pre-emptive general allowance set aside on prudence, total credit costs on loans increased to 27 basis points for 1H23.

Compared with the second half last year, total allowance increased to \$534 million, mainly due to the release of general allowance in 2H22.

Notes:

- 1 General allowance refers to Expected Credit Loss Stage 1 and Stage 2 under SFRS(I) 9.
- 2 Specific allowance refers to Expected Credit Loss Stage 3 and purchased or originated credit-impaired loss allowance under SFRS(I) 9.
- 3 Specific allowance on loans by geography is classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
- 4 Comprise Mainland China, Hong Kong SAR and Taiwan.

United Overseas Bank Limited and Its Subsidiaries

Customer Loans

	Jun-23	Dec-22	Jun-22
	\$m	\$m	\$m
Gross customer loans	318,979	319,663	321,677
Less: General allowance	2,665	2,588	2,538
Specific allowance	1,664	1,720	1,610
Net customer loans	314,650	315,355	317,529

By industry

Transport, storage and communication	14,275	14,482	14,913
Building and construction	87,425	87,178	86,334
Manufacturing	24,271	22,123	25,678
Financial institutions, investment and holding companies	39,015	37,949	40,740
General commerce	35,107	36,530	39,131
Professionals and private individuals	28,299	28,970	24,284
Housing loans	75,669	76,807	73,776
Others	14,918	15,624	16,821
Total (gross)	318,979	319,663	321,677

By currency

Singapore Dollar	135,678	138,553	139,253
US Dollar	62,174	62,212	72,459
Malaysian Ringgit	29,091	30,645	26,681
Thai Baht	22,502	22,223	18,842
Indonesian Rupiah	5,583	5,653	5,566
Others	63,951	60,377	58,876
Total (gross)	318,979	319,663	321,677

By maturity

Within 1 year	132,085	129,858	142,177
Over 1 year but within 3 years	69,369	69,172	63,220
Over 3 years but within 5 years	29,022	31,470	35,939
Over 5 years	88,503	89,163	80,341
Total (gross)	318,979	319,663	321,677

By geography ¹

Singapore	156,103	160,426	163,210
Malaysia	31,931	33,274	29,573
Thailand	23,673	23,488	20,562
Indonesia	9,701	10,043	11,325
Greater China	51,641	48,623	52,557
Others	45,930	43,809	44,450
Total (gross)	318,979	319,663	321,677

As at 30 June 2023, gross loans grew 1% on constant currency basis from a year ago and was little changed from previous half at \$319 billion.

Note:

¹ Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

United Overseas Bank Limited and Its Subsidiaries

Non-Performing Assets

	Jun-23	Dec-22	Jun-22
	\$m	\$m	\$m
Loans ("NPL")	5,102	5,060	5,374
Debt securities and others	90	67	48
Non-performing assets ("NPA")	5,192	5,127	5,422

By grading

Substandard	3,405	3,217	3,926
Doubtful	775	812	444
Loss	1,012	1,098	1,052
Total	5,192	5,127	5,422

By security

Secured by collateral type:

Properties	2,580	2,543	2,586
Shares and debentures	3	4	-
Fixed deposits	13	8	8
Others ¹	142	161	160
	2,738	2,716	2,754
Unsecured	2,454	2,411	2,668
Total	5,192	5,127	5,422

By ageing

Current	1,131	978	1,431
Within 90 days	559	817	742
Over 90 to 180 days	603	476	667
Over 180 days	2,899	2,856	2,582
Total	5,192	5,127	5,422

Total allowance

General	3,058	2,868	2,912
Specific	1,697	1,755	1,643
Total	4,755	4,623	4,555

	NPL	NPL	NPL	NPL	NPL
	\$m	ratio	\$m	ratio	ratio
		%		%	%
NPL by industry					
Transport, storage and communication	252	1.8	402	2.8	2.8
Building and construction	1,400	1.6	1,145	1.3	1.5
Manufacturing	882	3.6	840	3.8	3.5
Financial institutions, investment and holding companies	187	0.5	51	0.1	0.2
General commerce	776	2.2	876	2.4	2.4
Professionals and private individuals	318	1.1	348	1.2	1.2
Housing loans	840	1.1	922	1.2	1.3
Others	447	3.0	476	3.0	2.9
Total	5,102	1.6	5,060	1.6	1.7

Note:

¹ Comprise mainly marine vessels.

United Overseas Bank Limited and Its Subsidiaries

Non-Performing Assets (cont'd)

NPL by geography ¹	NPL/NPA	NPL ratio	Specific allowance	Specific allowance as a % of NPL/NPA
	\$m	%	\$m	%
Singapore				
Jun-23	1,391	0.9	390	28
Dec-22	1,570	1.0	492	31
Jun-22	1,736	1.1	549	32
Malaysia				
Jun-23	1,162	3.6	391	34
Dec-22	1,228	3.7	427	35
Jun-22	1,244	4.2	285	23
Thailand				
Jun-23	846	3.6	336	40
Dec-22	830	3.5	281	34
Jun-22	656	3.2	204	31
Indonesia				
Jun-23	610	6.3	219	36
Dec-22	614	6.1	227	37
Jun-22	750	6.6	246	33
Greater China				
Jun-23	610	1.2	218	36
Dec-22	456	0.9	200	44
Jun-22	797	1.5	249	31
Others				
Jun-23	483	1.1	110	23
Dec-22	362	0.8	93	26
Jun-22	191	0.4	77	41
Group NPL				
Jun-23	5,102	1.6	1,664	33
Dec-22	5,060	1.6	1,720	34
Jun-22	5,374	1.7	1,610	30
Group NPA				
Jun-23	5,192		1,697	33
Dec-22	5,127		1,755	34
Jun-22	5,422		1,643	30
Total allowance				
Group	as a % of NPA²		as a % of unsecured NPA²	
	%		%	
Jun-23	99		209	
Dec-22	98		207	
Jun-22	91		185	

The Group's overall credit portfolio remained stable, with NPL ratio at 1.6% as at 30 June 2023.

The non-performing asset coverage stayed strong at 99% or 209% after taking collateral into account. The Group continued to maintain prudent performing loans coverage at 1%.

Notes:

1 NPL by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

2 Includes regulatory loss allowance reserves (RLAR) as part of total allowance.

United Overseas Bank Limited and Its Subsidiaries

Customer Deposits

	Jun-23	Dec-22	Jun-22
	\$m	\$m	\$m
By product			
Fixed deposits	180,634	175,965	142,463
Savings deposits	90,032	88,979	101,720
Current accounts	89,179	86,152	93,959
Others	16,917	17,457	19,909
Total	376,762	368,553	358,051
By maturity			
Within 1 year	373,714	362,830	354,805
Over 1 year but within 3 years	2,123	4,769	2,457
Over 3 years but within 5 years	553	561	385
Over 5 years	372	393	404
Total	376,762	368,553	358,051
By currency			
Singapore Dollar	177,676	164,006	162,042
US Dollar	97,665	102,568	99,314
Malaysian Ringgit	31,108	31,254	28,999
Thai Baht	23,882	24,758	21,816
Indonesian Rupiah	6,583	6,096	6,961
Others	39,848	39,871	38,919
Total	376,762	368,553	358,051
Group Loan/Deposit ratio (%)	83.5	85.6	88.7
Singapore Dollar Loan/Deposit ratio (%)	75.6	83.6	85.0
US Dollar Loan/Deposit ratio (%)	62.9	60.0	72.3

Customer deposits grew 5% from a year ago and 2% from the previous half to \$377 billion, primarily contributed by fixed deposits as customers reacted favourably to the promotional campaigns.

As at 30 June 2023, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 83.5% and 75.6% respectively.

United Overseas Bank Limited and its Subsidiaries

Performance by Business Segment ¹

Selected income statement items	GR	GWB	GM	Others	Total
	\$m	\$m	\$m	\$m	\$m
1H23					
Net interest income	2,039	2,769	(273)	311	4,846
Non-interest income	672	801	543	203	2,219
Operating income	2,711	3,570	270	514	7,065
Operating expenses	(1,380)	(783)	(126)	(798)	(3,087)
Amortisation of intangible assets	(10)	-	-	-	(10)
(Allowance for)/Write-back of credit and other losses	(143)	(710)	(15)	334	(534)
Share of profit of associates and joint ventures	(1)	2	-	50	51
Profit/(Loss) before tax	1,177	2,079	129	100	3,485
Tax					(553)
Profit for the financial period					2,932

Other information:

Capital expenditure	23	29	0	347	399
Depreciation of assets	32	23	6	228	289

2H22

Net interest income	1,772	2,647	(69)	444	4,794
Non-interest income	566	688	293	173	1,720
Operating income	2,338	3,335	224	617	6,514
Operating expenses	(1,338)	(844)	(144)	(714)	(3,040)
Amortisation of intangible assets	(3)	-	-	-	(3)
(Allowance for)/Write-back of credit and other losses	(63)	21	8	(254)	(288)
Share of profit of associates and joint ventures	-	(1)	-	47	46
Profit/(Loss) before tax	934	2,511	88	(304)	3,229
Tax					(666)
Profit for the financial period					2,563

Other information:

Capital expenditure	24	19	0	393	436
Depreciation of assets	32	25	6	222	285

1H22

Net interest income	1,146	2,015	218	170	3,549
Non-interest income	570	861	118	(37)	1,512
Operating income	1,716	2,876	336	133	5,061
Operating expenses	(895)	(695)	(116)	(535)	(2,241)
Amortisation of intangible assets	-	-	-	-	-
(Allowance for)/Write-back of credit and other losses	(17)	(161)	3	(140)	(315)
Share of profit of associates and joint ventures	-	27	-	25	52
Profit/(Loss) before tax	804	2,047	223	(517)	2,557
Tax					(537)
Profit for the financial period					2,020

Other information:

Capital expenditure	16	30	0	222	268
Depreciation of assets	32	20	6	191	249

Note:

1 Comparative segment information for prior periods has been adjusted for changes in organisational structure and management reporting methodology.

United Overseas Bank Limited and its Subsidiaries

Performance by Business Segment ¹ (cont'd)

Selected balance sheet items	GR	GWB	GM	Others	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2023					
Segment assets	106,891	227,989	162,317	2,213	499,410
Intangible assets	1,921	2,225	658	87	4,891
Investment in associates and joint ventures	1	210	-	1,051	1,262
Total assets	108,813	230,424	162,975	3,351	505,563
Segment liabilities	186,109	197,273	57,108	19,143	459,633
Other information:					
Gross customer loans	106,548	211,850	577	4	318,979
Non-performing assets	1,078	3,845	24	245	5,192
At 31 December 2022					
Segment assets	108,397	230,398	158,322	985	498,102
Intangible assets	1,934	2,222	657	87	4,900
Investment in associates and joint ventures	8	206	-	1,044	1,258
Total assets	110,339	232,826	158,979	2,116	504,260
Segment liabilities	173,161	203,225	68,309	15,959	460,654
Other information:					
Gross customer loans	108,241	210,650	736	36	319,663
Non-performing assets	1,165	3,685	25	252	5,127
At 30 June 2022					
Segment assets	100,727	240,909	143,203	3,031	487,870
Intangible assets	1,167	2,229	658	88	4,142
Investment in associates and joint ventures	5	244	-	1,027	1,276
Total assets	101,899	243,382	143,861	4,146	493,288
Segment liabilities	155,023	207,851	68,153	19,776	450,803
Other information:					
Gross customer loans	100,763	220,202	459	253	321,677
Non-performing assets	1,092	3,975	26	329	5,422

Note:

1 Comparative segment information for prior periods has been adjusted for changes in organisational structure and management reporting methodology.

United Overseas Bank Limited and its Subsidiaries

Performance by Business Segment *(cont'd)*

Business segment performance reporting is prepared based on the Group's internal organisation structure and the methodologies adopted in the management reporting framework. Business segments' results include all applicable revenue, expenses, internal fund transfer price and cost allocations associated with the activities of the business. Transactions between business segments are operated on an arm's length basis in a manner similar to third party transactions and they are eliminated on consolidation.

The Banking Group is organised into three major business segments - Group Retail, Group Wholesale Banking and Global Markets. Others include non-banking activities and corporate functions.

Group Retail ("GR")

GR segment covers individual customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment and loan products which are available across the Group's global branch network.

Profit before tax surged 46% to \$1.2 billion in 1H23 compared with a year ago. Excluding one-off costs in relation to Citi business, core profit before tax would have registered a 71% growth. Record high income of \$2.7 billion was propelled by the inclusion of Citi franchise, thicker margin and double-digit deposit growth, coupled with upswing in card spending and steady trajectory in wealth flows. Total wealth AUM registered a commendable growth of 19% to \$165 billion over the same period. Core operating expenses increased 32% led by investments in staff and technology, alongside higher revenue-related spend to support the pickup in business activities across the region. Allowance for credit and other losses witnessed a structural lift year-on-year after blending in Citi's unsecured portfolio.

Against 2H22, profit before tax grew 26%, augmented by the consolidation of Citi's consumer business since November 2022, coupled with wider margin and sustained wealth momentum. This was partly offset by higher expenses and credit costs with the enlarged regional franchise.

Group Wholesale Banking ("GWB")

GWB encompasses corporate and institutional client segments which include small, medium and large enterprises, local and multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including loans, trade services, cash management, capital markets solutions and advisory and treasury products.

Against last year, income advanced 24% to \$3.6 billion in 1H23, buoyed by sustained margin expansion and strong treasury customer flows, although credit demand, as well as loan and trade-related activities were curbed by cautious business sentiment and China's slow economic rebound. Expenses grew 13% to \$783 million, primarily from staff and technology-related investments to support franchise growth, while the marked increase in allowance for credit and other losses was mainly attributable to general allowance set aside for potential credit deterioration amid weaker economic outlook.

Profit before tax declined 17% compared with 2H22 as the step-up in credit costs offset higher margin and treasury income.

Global Markets ("GM")

GM provides a comprehensive suite of treasury products and services across multi-asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Against a year ago, profit before tax came in at \$129 million in 1H23 as gain from sale of investment securities coupled with trading opportunities in rates and commodities were offset by the increase in funding costs. Expenses were broadly stable, while allowance for credit and other losses grew modestly.

Profit before tax soared 47% against the second half of last year from higher gain on sale of investment securities and lower expenses.

Others

Others include corporate support functions, decisions not attributable to business segments mentioned above and other activities, which comprises property, insurance and investment management.

Others registered profit before tax of \$100 million in 1H23 contrasting the loss of \$517 million a year ago. This was largely driven by receding valuation pressures on investments and the shift of pre-emptive general allowance to business segments amid economic uncertainties.

Compared with loss in 2H22, the swing to profit before tax was primarily due to reversal of general allowance.

United Overseas Bank Limited and Its Subsidiaries

Performance by Geographical Segment¹

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1H23							
Net interest income	2,845	470	578	243	237	473	4,846
Non-interest income	1,209	281	183	80	280	186	2,219
Operating income	4,054	751	761	323	517	659	7,065
Operating expenses	(1,659)	(411)	(475)	(212)	(207)	(123)	(3,087)
Amortisation of intangible assets	-	(2)	(8)	-	-	-	(10)
(Allowance for)/Write-back of credit and other losses	25	(54)	(221)	(32)	(205)	(47)	(534)
Share of profit of associates and joint ventures	50	-	-	-	5	(4)	51
Profit before tax	2,470	284	57	79	110	485	3,485
Total assets before intangible assets	295,553	46,492	30,736	12,876	64,575	50,440	500,672
Intangible assets	3,182	134	1,315	229	-	31	4,891
Total assets	298,735	46,626	32,051	13,105	64,575	50,471	505,563
2H22							
Net interest income	2,882	477	453	243	301	438	4,794
Non-interest income	991	232	141	74	264	18	1,720
Operating income	3,873	709	594	317	565	456	6,514
Operating expenses	(1,597)	(505)	(400)	(196)	(235)	(107)	(3,040)
Amortisation of intangible assets	-	(1)	(2)	-	-	-	(3)
(Allowance for)/Write-back of credit and other losses	(118)	(134)	(91)	(64)	84	35	(288)
Share of profit of associates and joint ventures	50	-	-	-	(1)	(3)	46
Profit before tax	2,208	69	101	57	413	381	3,229
Total assets before intangible assets	295,494	48,603	31,570	11,597	63,174	48,922	499,360
Intangible assets	3,182	146	1,342	225	-	5	4,900
Total assets	298,676	48,749	32,912	11,822	63,174	48,927	504,260
1H22							
Net interest income	1,856	423	361	207	349	353	3,549
Non-interest income	930	150	122	79	148	83	1,512
Operating income	2,786	573	483	286	497	436	5,061
Operating expenses	(1,243)	(240)	(290)	(181)	(201)	(86)	(2,241)
Amortisation of intangible assets	-	-	-	-	-	-	-
(Allowance for)/Write-back of credit and other losses	19	(88)	(20)	(51)	(126)	(49)	(315)
Share of profit of associates and joint ventures	54	(0)	-	-	(1)	(1)	52
Profit before tax	1,616	245	173	54	169	300	2,557
Total assets before intangible assets	286,133	44,648	29,197	12,572	68,455	48,141	489,146
Intangible assets	3,182	-	722	233	-	5	4,142
Total assets	289,315	44,648	29,919	12,805	68,455	48,146	493,288

Note:

1 Based on the location where the transactions and assets are booked. The information is stated after elimination of inter-segment transactions.

Performance by Geographical Segment (cont'd)

Geographical segment performance reporting is prepared based on the location where the transactions or assets are booked. The information is stated after elimination of inter-segment transactions.

Singapore

For the first half of 2023, profit before tax soared 53% against the corresponding period last year to \$2.5 billion. Net interest income surged to \$2.8 billion, as margins widened amid higher interest rates and active balance sheet management. Non-interest income jumped 30% to \$1.2 billion, as financial market volatility provided trading opportunities and increased client hedging demands, which led to the tripling of trading and investment income. Together with card fees rising in tandem with consumer spending and borders reopening, these were partly moderated by slower loan, trade and wealth fees observed across the industry amid growing macro uncertainties. Expenses grew 33% to \$1.7 billion, led by continued investments in people and technology albeit with cost-to-income-ratio improving to 41% as a result of continued cost discipline.

Profit before tax rose 12% compared with 2H22, led by stronger momentum in trading and liquidity management, loan-related and wealth activities while net interest income was sustained by higher margins. In addition, credit allowance normalised as higher general provisions were set aside in 2H22.

Malaysia

Profit before tax for the first half of 2023 was \$284 million, 16% higher than a year ago, mainly due to lower specific allowance. Operating profit was relatively stable year-on-year at \$341 million, but would have been 24% higher excluding one-off costs associated with Citi takeover. Total income surged 31% to \$751 million, augmented by the addition of Citi's retail business alongside strong trading and investment results. Core expenses were 42% higher at \$340 million, largely driven by staff and revenue-related costs in line with the enlarged franchise and pickup in business activities.

Against 2H22, profit before tax quadrupled primarily from lower Citi-related one-off costs and allowance for credit.

Thailand

Profit before tax declined against the same period last year to \$57 million in 1H23, from one-off costs relating to acquisition of Citi's consumer franchise and credit allowance for a major, non-systemic corporate NPL. Excluding these items, core profit before tax would have risen by around 50%. Total income grew 58% year-on-year to \$761 million, powered by the inclusion of Citi's retail business and higher interest rates. Core expenses rose 37% due to staff and revenue-related costs from the scale-up in retail franchise, with one-off costs contributing another 27%.

Compared with 2H22, profit before tax narrowed by 43% as Citi-related one-off expenses and credit costs masked the double-digit income expansion from the consolidation of Citi's consumer business since November 2022.

Indonesia

First-half profit before tax expanded 48% year-on-year to \$79 million, boosted by income growth and lower credit allowance. Total income advanced 13% to \$323 million, fuelled by a lift in margins and client-related treasury income. Expenses were 17% higher at \$212 million, largely from investments in people and technology to support business franchise.

Profit before tax was 38% higher than the previous half year, primarily from lower credit allowance.

Greater China

Profit before tax declined 35% from a year ago to \$110 million in 1H23, mainly from higher general allowance in anticipation of potential weakness in the economic outlook. Operating profit improved 5% to \$310 million, supported by stronger trading results which moderated the impact of higher funding costs.

Compared with 2H22, profit before tax was lower from the step-up in credit costs. Total income narrowed 9% to \$517 million, as margin compression in the early part of 1H23 and softer loan-related fees countered the stronger trading and investment performance.

Others

Against the corresponding period last year, profit before tax soared 62% to \$485 million in 1H23, propelled by net interest margin expansion and rebound in investments valuation. Expenses were 43% higher at \$123 million, mainly from Citi-related one-off costs in Vietnam, along with higher staff and revenue-related costs in tandem with stronger income.

Profit before tax improved 27% half-on-half, backed by strong rebound in investment income but partly negated by higher credit allowance.

United Overseas Bank Limited and Its Subsidiaries

Capital Adequacy and Leverage Ratios ^{1,2,3}

	Jun-23	Dec-22	Jun-22
	\$m	\$m	\$m
Share capital	5,072	5,077	5,077
Disclosed reserves/others	36,430	34,951	34,241
Regulatory adjustments	(5,660)	(5,623)	(4,858)
Common Equity Tier 1 Capital ("CET1")	35,842	34,405	34,460
Perpetual capital securities/others	3,630	2,780	2,380
Additional Tier 1 Capital ("AT1")	3,630	2,780	2,380
Tier 1 Capital	39,472	37,185	36,840
Subordinated notes	4,660	4,621	4,874
Provisions/others	1,511	1,558	1,250
Tier 2 Capital	6,171	6,179	6,124
Eligible Total Capital	45,643	43,364	42,964
Risk-Weighted Assets ("RWA")	263,399	259,098	262,695
Capital Adequacy Ratios ("CAR")			
CET1	13.6%	13.3%	13.1%
Tier 1	15.0%	14.4%	14.0%
Total	17.3%	16.7%	16.4%
Leverage Exposure	563,133	563,583	558,189
Leverage Ratio	7.0%	6.6%	6.6%

The Group's CET1, Tier 1 and Total CAR as at 30 June 2023 remained well above the regulatory minimum requirements.

Total CAR improved 60 basis points and 90 basis points from 31 December 2022 and 30 June 2022 respectively as earnings accretion and perpetual securities offset the higher RWA.

As at 30 June 2023, the Group's leverage ratio was 7.0%, comfortably above the regulatory minimum requirement of 3%.

Notes:

- 1 Singapore-incorporated banks are required to maintain minimum CAR as follows: CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, the Group is required to maintain CET1 capital to meet the capital conservation buffer of 2.5% and the countercyclical capital buffer (CCyB) of up to 2.5%. The Group's CCyB is computed as the weighted average of effective CCyB in jurisdictions to which the Group has private sector exposures.
- 2 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
- 3 Disclosures required under MAS Notice 637 are published on our website: www.UOBgroup.com/investor-relations/financial/index.html.

United Overseas Bank Limited and Its Subsidiaries
Consolidated Unaudited Income Statements for the financial period ended 30 June 2023

	The Group	
	1H23	1H22
	\$m	\$m
Interest income	10,603	4,678
Less: Interest expense	5,757	1,129
Net interest income	4,846	3,549
Net fee and commission income	1,075	1,139
Dividend income	35	27
Rental income	49	53
Net trading income	834	317
Net gain/(loss) from investment securities	119	(59)
Other income	107	35
Non-interest income	2,219	1,512
Total operating income	7,065	5,061
Less: Staff costs	1,737	1,323
Other operating expenses	1,350	918
Total operating expenses	3,087	2,241
Operating profit before allowance and amortisation	3,978	2,820
Less: Amortisation of intangible assets	10	-
Allowance for credit and other losses	534	315
Operating profit after allowance and amortisation	3,434	2,505
Share of profit of associates and joint ventures	51	52
Profit before tax	3,485	2,557
Less: Tax	553	537
Profit for the financial period	2,932	2,020
Attributable to:		
Equity holders of the Bank	2,925	2,018
Non-controlling interests	7	2
	2,932	2,020
Earnings per share (\$) ^{1,2}		
Basic	3.42	2.37
Diluted	3.41	2.36

Notes:

1 Computed on an annualised basis.

2 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.

United Overseas Bank Limited and Its Subsidiaries
Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2023

	The Group	
	1H23	1H22
	\$m	\$m
Profit for the financial period	2,932	2,020
Other comprehensive income that will not be reclassified to income statement		
Net loss on equity instruments at fair value through other comprehensive income	(99)	(101)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	(8)	24
Related tax on items at fair value through other comprehensive income	(3)	2
	(110)	(75)
Other comprehensive income that may be subsequently reclassified to income statement		
Currency translation adjustments	(232)	(238)
Net gain/(loss) on debt instruments classified at fair value through other comprehensive income and cashflow hedge :		
Net valuation taken to equity	333	(1,213)
Transferred to income statement	(87)	11
Change in allowance for expected credit losses	9	2
Related tax	(21)	80
	2	(1,358)
Change in share of other comprehensive income of associates and joint ventures	(2)	36
Other comprehensive income for the financial period, net of tax	(110)	(1,397)
Total comprehensive income for the financial period, net of tax	2,822	623
Attributable to:		
Equity holders of the Bank	2,815	632
Non-controlling interests	7	(9)
	2,822	623

United Overseas Bank Limited and Its Subsidiaries
Consolidated Unaudited Balance Sheet as at 30 June 2023

	The Group		The Bank	
	Jun-23	Dec-22 ¹	Jun-23	Dec-22 ¹
	\$m	\$m	\$m	\$m
Equity				
Share capital and other capital	8,699	7,855	8,699	7,855
Retained earnings	30,527	28,925	22,406	21,192
Other reserves	6,463	6,586	8,118	8,084
Equity attributable to equity holders of the Bank	45,689	43,366	39,223	37,131
Non-controlling interests	241	240	-	-
Total equity	45,930	43,606	39,223	37,131
Liabilities				
Deposits and balances of banks	24,024	24,537	19,218	20,572
Deposits and balances of customers	376,762	368,553	297,476	289,024
Deposits and balances of subsidiaries	-	-	15,118	17,130
Bills and drafts payable	922	788	730	622
Derivative financial liabilities	15,379	16,218	14,077	14,669
Other liabilities	8,251	8,803	5,760	5,948
Tax payable	833	802	737	650
Deferred tax liabilities	436	360	238	239
Debts issued	33,026	40,593	30,882	38,320
Total liabilities	459,633	460,654	384,236	387,174
Total equity and liabilities	505,563	504,260	423,459	424,305
Assets				
Cash, balances and placements with central banks	54,976	49,419	48,141	43,549
Singapore Government treasury bills and securities	13,785	12,056	13,761	12,056
Other government treasury bills and securities	21,290	19,822	8,836	7,802
Trading securities	3,829	4,606	2,340	3,642
Placements and balances with banks	26,306	35,410	18,408	24,917
Loans to customers	314,649	315,355	245,857	245,859
Placements with and advances to subsidiaries	-	-	19,632	22,985
Derivative financial assets	14,529	13,802	13,091	12,463
Investment securities	37,484	35,183	34,744	32,163
Other assets	7,556	7,690	4,895	5,246
Deferred tax assets	687	560	176	121
Investment in associates and joint ventures	1,262	1,258	310	309
Investment in subsidiaries	-	-	6,671	6,671
Investment properties	737	746	807	749
Fixed assets	3,582	3,453	2,608	2,591
Intangible assets	4,891	4,900	3,182	3,182
Total assets	505,563	504,260	423,459	424,305
Off-balance sheet items				
Contingent liabilities	31,677	31,574	23,474	23,254
Financial derivatives	1,058,815	953,953	962,730	832,348
Commitments	201,923	200,232	157,451	156,055
Net asset value per ordinary share (\$)	25.11	24.24	21.25	20.51

Note:

¹ Audited.

United Overseas Bank Limited and Its Subsidiaries
Statements of Changes in Equity for the financial period ended 30 June 2023

	The Group					
	Attributable to equity holders of the Bank					
	Share capital and other capital	Retained earnings	Other reserves	Total	Non- controlling interests	Total equity
\$m	\$m	\$m	\$m	\$m	\$m	
Balance at 1 January 2023	7,855	28,925	6,586	43,366	240	43,606
Profit for the financial period	-	2,925	-	2,925	7	2,932
Other comprehensive income for the financial period	-	(21)	(89)	(110)	-	(110)
Total comprehensive income for the financial period	-	2,904	(89)	2,815	7	2,822
Transfers	-	(2)	2	-	-	-
Dividends	-	(1,300)	-	(1,300)	(6)	(1,306)
Shares re-purchased - held in treasury	(77)	-	-	(77)	-	(77)
Share-based compensation	-	-	34	34	-	34
Shares issued under share-based compensation plan	71	-	(70)	1	-	1
Perpetual capital securities issued	850	-	-	850	-	850
Balance at 30 June 2023	8,699	30,527	6,463	45,689	241	45,930
Balance at 1 January 2022	7,391	26,431	8,811	42,633	228	42,861
Profit for the financial period	-	2,018	-	2,018	2	2,020
Other comprehensive income for the financial period	-	8	(1,394)	(1,386)	(11)	(1,397)
Total comprehensive income for the financial period	-	2,026	(1,394)	632	(9)	623
Transfers	-	2	(2)	-	-	-
Change in non-controlling interests	-	(1)	-	(1)	15	14
Dividends	-	(1,039)	-	(1,039)	(6)	(1,045)
Share-based compensation	-	-	31	31	-	31
Shares issued under share-based compensation plan	64	-	(63)	1	-	1
Balance at 30 June 2022	7,455	27,419	7,383	42,257	228	42,485

Note:

As at 30 June 2023, the revaluation surplus of \$5.28 billion relating to the Group's properties, was not recognised in the financial statements.

United Overseas Bank Limited and Its Subsidiaries
Statements of Changes in Equity for the financial period ended 30 June 2023

	The Bank			
	Share capital and other capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2023	7,855	21,192	8,084	37,131
Profit for the financial period	-	2,536	-	2,536
Other comprehensive income for the financial period	-	(22)	70	48
Total comprehensive income for the financial period	-	2,514	70	2,584
Dividends	-	(1,300)	-	(1,300)
Share re-purchased - held in treasury	(77)	-	-	(77)
Share-based compensation	-	-	34	34
Shares issued under share-based compensation plan	71	-	(70)	1
Perpetual capital securities issued	850	-	-	850
Balance at 30 June 2023	8,699	22,406	8,118	39,223
Balance at 1 January 2022	7,391	19,224	9,468	36,083
Profit for the financial period	-	1,664	-	1,664
Other comprehensive income for the financial period	-	9	(1,039)	(1,030)
Total comprehensive income for the financial period	-	1,673	(1,039)	634
Transfers	-	1	(1)	-
Dividends	-	(1,039)	-	(1,039)
Share-based compensation	-	-	31	31
Shares issued under share-based compensation plan	64	-	(63)	1
Balance at 30 June 2022	7,455	19,859	8,396	35,710

United Overseas Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement for the financial period ended 30 June 2023

	The Group	
	1H23	1H22
	\$m	\$m
Cash flows from operating activities		
Profit for the financial period	2,932	2,020
Adjustments for:		
Allowance for credit and other losses	534	315
Amortisation of intangible assets	10	-
Fair value change in other debts issued	39	(270)
Share of profit of associates and joint ventures	(51)	(52)
Tax	553	537
Depreciation of assets	289	249
Net (gain)/loss on disposal of assets	(825)	47
Share-based compensation	34	32
Operating profit before working capital changes	3,515	2,878
Change in working capital:		
Deposits and balances of banks	(377)	16,178
Deposits and balances of customers	9,556	7,382
Bills and drafts payable	140	(29)
Other liabilities	(1,460)	6,989
Restricted balances with central banks	(454)	246
Government treasury bills and securities	(3,458)	(8,474)
Trading securities	1,401	1,141
Placements and balances with banks	8,920	5,887
Loans to customers	(872)	(12,823)
Investment securities	(2,369)	(5,660)
Other assets	(476)	(7,009)
Cash generated from operations	14,066	6,706
Income tax paid	(583)	(413)
Net cash provided by operating activities	13,483	6,293
Cash flows from investing activities		
Capital injection into associates and joint ventures	-	(1)
Distribution from associates and joint ventures	32	36
Acquisition of consumer business, net of cash acquired	(166)	-
Purchase of properties and other fixed assets	(399)	(268)
Disposal of properties and other fixed assets	27	-
Net cash used in investing activities	(506)	(233)
Cash flows from financing activities		
Perpetual capital securities issued	850	-
Issuance of debts issued	13,250	23,229
Redemption of debts issued	(21,102)	(16,291)
Shares re-purchased - held in treasury	(77)	-
Change in non-controlling interests	-	14
Dividends paid on ordinary shares	(1,258)	(1,005)
Distribution for perpetual capital securities	(48)	(40)
Dividends paid to non-controlling interests	(6)	(6)
Lease payments	(52)	(43)
Net cash (used in)/provided by financing activities	(8,443)	5,858
Currency translation adjustments	621	(404)
Net increase in cash and cash equivalents	5,155	11,514
Cash and cash equivalents at beginning of the financial period	43,265	30,972
Cash and cash equivalents at end of the financial period	48,420	42,486

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The condensed financial statements for the first half ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

(b) Changes in Accounting Policies

The Group adopted the following with effect from 1 January 2023:

- Amendments to SFRS(I) 1-1: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules

The amendments to SFRS(I) 1-12 *International Tax Reform – Pillar Two Model Rules* provide a temporary exception from accounting for deferred taxes in respect of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The adoption of these amendments above did not have a significant impact on the Group's financial information as at 1 January 2023 and for the half year ended 30 June 2023. The Group did not restate comparative information.

Other amendments to existing standards that are not yet effective are not expected to have a significant impact on the Group's financial statements.

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the half year ended 30 June 2023 are the same as those applied in the audited financial statements for the financial year ended 31 December 2022.

(c) Critical Accounting Estimates and Judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

2 Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H23	1H22
	\$m	\$m
Current income tax expense	619	568
Deferred income tax expense	(73)	(44)

3 Share Capital and Other Capital

	Jun-23		Dec-22	
	Number of shares '000	Amount \$m	Number of shares '000	Amount \$m
Ordinary shares				
Balance at beginning of period	1,685,923	5,351	1,685,923	5,351
Balance at end of period	1,685,923	5,351	1,685,923	5,351
Treasury shares				
Balance at beginning of period	(11,314)	(273)	(13,933)	(337)
Shares re-purchased - held in treasury	(2,736)	(77)	-	-
Shares issued under share-based compensation plan	2,929	71	2,619	64
Balance at end of period	(11,121)	(279)	(11,314)	(273)
Ordinary share capital	1,674,802	5,072	1,674,609	5,078
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017		879		879
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019		749		749
2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021		150		150
2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021		599		599
4.25% non-cumulative non-convertible perpetual capital securities issued on 4 July 2022		400		400
5.25% non-cumulative non-convertible perpetual capital securities issued on 19 January 2023		850		-
Share capital and other capital of the Bank and the Group		8,699		7,855

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

4 Dividends

	The Group	
	1H23	1H22
	\$m	\$m
Ordinary dividends paid:		
Final dividend of 75 cents (2022: 60 cents)		
tax-exempt per share paid in respect of prior financial year	1,258	1,005

In respect of the financial year ended 31 December 2023, the directors have declared an interim tax-exempt dividend of 85 cents per ordinary share amounting to a total dividend of \$1,424 million.

5 Classification of Financial Assets and Financial Liabilities

In \$m	The Group					Total
	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	
Jun 23						
Cash, balances and placements with central banks	1,304	-	-	2,777	50,895	54,976
Singapore Government treasury bills and securities	373	-	-	8,111	5,301	13,785
Other government treasury bills and securities	1,102	-	-	14,936	5,252	21,290
Trading securities	3,829	-	-	-	-	3,829
Placements and balances with banks	6,499	-	-	4,408	15,399	26,306
Loans to customers	2,009	-	-	30	312,610	314,649
Derivative financial assets	14,529	-	-	-	-	14,529
Investment securities						
Debt	-	54	-	21,938	12,894	34,886
Equity	-	929	-	1,669	-	2,598
Other assets	2,862	-	-	1	4,466	7,329
Total financial assets	32,507	983	-	53,870	406,817	494,177
Non-financial assets						11,386
Total assets						505,563
Deposits and balances of banks and customers	1,506	-	2,117	-	397,164	400,787
Bills and drafts payable	-	-	-	-	922	922
Derivative financial liabilities	15,379	-	-	-	-	15,379
Other liabilities	993	-	475	-	5,481	6,949
Debts issued	-	-	3,062	-	29,964	33,026
Total financial liabilities	17,878	-	5,654	-	433,531	457,063
Non-financial liabilities						2,570
Total liabilities						459,633

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Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

5 Classification of Financial Assets and Financial Liabilities (continued)

In \$m	The Group					Total
	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	
Dec 22						
Cash, balances and placements with central banks	1,660	-	-	2,450	45,309	49,419
Singapore Government treasury bills and securities	307	-	-	6,447	5,302	12,056
Other government treasury bills and securities	1,252	-	-	13,605	4,965	19,822
Trading securities	4,606	-	-	-	-	4,606
Placements and balances with banks	8,638	-	-	3,509	23,263	35,410
Loans to customers	2,778	-	-	20	312,557	315,355
Derivative financial assets	13,802	-	-	-	-	13,802
Investment securities						
Debt	-	46	-	21,707	10,669	32,422
Equity	-	932	-	1,829	-	2,761
Other assets	2,770	-	-	2	4,770	7,542
Total financial assets	35,813	978	-	49,569	406,835	493,195
Non-financial assets						11,065
Total assets						504,260
Deposits and balances of banks and customers	2,273	-	1,690	-	389,127	393,090
Bills and drafts payable	-	-	-	-	788	788
Derivative financial liabilities	16,218	-	-	-	-	16,218
Other liabilities	1,828	-	931	-	4,705	7,464
Debts issued	-	-	2,461	-	38,132	40,593
Total financial liabilities	20,319	-	5,082	-	432,752	458,153
Non-financial liabilities						2,501
Total liabilities						460,654

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

6 Fair Value of Financial Instruments

(a) Valuation methodology, processes and controls for the period ended 30 June 2023 remained largely similar to that applied in the audited financial statements for the year ended 31 December 2022.

For financial instruments carried at amortised cost, their fair values are expected to approximate the carrying amounts and determined as follows:

- For cash, balances, placements and deposits of central banks, banks and subsidiaries, deposits of customers with short-term or no stated maturity, as well as interest and other short-term receivables and payables, fair values are estimated using the discounted cash flow method;
- For loans and deposits of customers, fair values are estimated using the discounted cash flow method;
- For non-subordinated debts issued and investment debt securities, fair values are estimated based on independent broker quotes; and
- For subordinated notes issued, fair values are determined based on quoted market prices.

(b) The Group classified financial instruments carried at fair value by level following the fair value measurement hierarchy:

- Level 1 - Unadjusted quoted prices in active markets for identical financial instruments
- Level 2 - Inputs other than quoted prices that are observable either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

In \$m	The Group					
	Jun-23			Dec-22		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	3,153	928	-	1,615	2,495	-
Singapore Government treasury bills and securities	8,484	-	-	6,754	-	-
Other government treasury bills and securities	14,529	1,509	-	13,049	1,808	-
Trading securities	73	3,462	294	1,075	3,502	29
Placements and balances with banks	-	10,907	-	-	12,147	-
Loans to customers	-	2,039	-	-	2,798	-
Derivative financial assets	323	13,786	420	227	13,131	444
Investment securities						
Debt	2,718	17,104	2,170	2,618	17,515	1,620
Equity	895	-	1,703	985	-	1,776
Other assets	2,408	455	-	2,305	467	-
	32,583	50,190	4,587	28,628	53,863	3,869
Total financial assets carried at fair value			87,360			86,360
Deposits and balances of banks and customers	-	3,623	-	-	3,963	-
Derivative financial liabilities	314	14,873	192	223	15,761	234
Other liabilities	282	1,186	-	196	2,563	-
Debts issued	-	3,062	-	-	2,461	-
	596	22,744	192	419	24,748	234
Total financial liabilities carried at fair value			23,532			25,401

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

6 Fair Value of Financial Instruments (continued)

(c) The following table presents the changes in Level 3 instruments for the financial period ended:

In \$m	The Group							Unrealised gains or losses included in income statement
	Balance at 1 January	Fair value gains or losses		Purchases	Settlements	Transfer in/(out)	Ending Balance	
		Income Statement	Other comprehensive income					
Jun 23								
Assets								
Trading securities	29	0	-	290	(25)	-	294	0
Derivative financial assets	444	(24)	-	-	-	-	420	(24)
Investment securities								
- debt	1,620	0	17	1,346	(414)	(399) ⁽¹⁾	2,170	0
Investment securities								
- equity	1,776	9	(85)	142	(139)	-	1,703	9
Liabilities								
Derivative financial liabilities	234	(42)	-	-	-	-	192	(42)
Dec 22								
Assets								
Trading securities	201	-	-	16	(192)	4	29	-
Derivative financial assets	95	349	-	-	-	-	444	349
Investment securities								
- debt	1,182	(1)	(38)	1,245	(30)	(738) ⁽¹⁾	1,620	(1)
Investment securities								
- equity	2,080	(64)	(127)	140	(145)	(108) ⁽²⁾	1,776	(64)
Liabilities								
Derivative financial liabilities	51	183	-	-	-	-	234	183

(1) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable input to their valuation.

(2) Investment securities – equity were transferred out from Level 3 during the year as unquoted securities were listed on an exchange.

(d) Effect of changes in significant unobservable inputs

The effect on fair value arising from reasonably possible changes to the significant unobservable inputs is assessed to be insignificant.

United Overseas Bank Limited and Its Subsidiaries

Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2023

7 Debts Issued

	The Group	
	Jun-23	Dec-22
	\$m	\$m
Unsecured		
Subordinated debts	6,215	6,221
Commercial papers	7,972	17,078
Fixed and floating rate notes	8,606	7,377
Others	3,062	2,461
Secured		
Covered bonds	7,171	7,456
Total	33,026	40,593
Due within 1 year	12,606	20,699
Due after 1 year	20,420	19,894
Total	33,026	40,593

Pursuant to the Bank's USD15 billion Global Covered Bond Programme, selected pools of residential mortgages that were originated by the Bank have been assigned to a bankruptcy-remote structured entity, Glacier Eighty Pte Ltd. These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

8 Acquisition of Consumer Business

On 14 January 2022, the Group proposed acquisition of Citigroup Inc.'s consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the "Consumer Business") in Indonesia, Malaysia, Thailand and Vietnam.

Following the completion of acquisition in Malaysia and Thailand on 1 November 2022, the Group completed the acquisition of the Consumer Business in Vietnam on 1 March 2023. The completion accounts are still subject to review and agreement.

The completion of acquisition in Indonesia is conditional on obtaining regulatory approvals relevant to the country and in Singapore. It is estimated that completion will take place in 2H23, depending on the progress and outcome of the regulatory approval process.