

Announcement

Co. Reg. No. 193500026Z

To: All Shareholders

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

Audited Financial Results for the Financial Year Ended 31 December 2022

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

Dividends for the Second Half Ended 31 December 2022

Ordinary share dividend

The Directors recommend the payment of a final tax-exempt dividend of 75 cents (2021: final dividend of 60 cents) per ordinary share for the financial year ended 31 December 2022. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 21 April 2023.

Together with the interim tax-exempt dividend of 60 cents per ordinary share (2021: 60 cents) paid in August 2022, the total net dividends for the financial year ended 31 December 2022 will be S\$1.35 (2021: S\$1.20) per ordinary share amounting to S\$2,261 million (2021: S\$2,011 million). The dividends will be paid in cash on 12 May 2023. The UOB scrip dividend scheme will not be applied to the final dividend.

Notice is hereby given that the Share Transfer Books and Register of Members of the Bank will be closed on 3 May 2023, for determining shareholders' entitlements to the final 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 2 May 2023 will be registered for the dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the dividends will be computed based on the shareholdings position after settlement of all trades on 2 May 2023 ("Record Date"). The dividends 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 audited financial results of the Group for the financial year ended 31 December 2022 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.

Information relating to persons occupying managerial position in the issuer or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wee Ee Cheong	70	Son of Dr Wee Cho Yaw, substantial shareholder and; brother of Mr Wee Ee Lim, director and substantial shareholder; and brother of Mr Wee Ee Chao, substantial shareholder.	Deputy Chairman & CEO	Nil

BY ORDER OF THE BOARD UNITED OVERSEAS BANK LIMITED

Joyce Sia / Theresa Sim
Company Secretaries

Dated this 23rd day of February 2023

The results are also available at www.UOBgroup.com



UNITED OVERSEAS BANK LIMITED AND ITS SUBSIDIARIES

Condensed Financial Statements

For the Second Half and Financial Year ended 31 December 2022

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

United Overseas Bank Limited and Its Subsidiaries Contents

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Attachment: Independent Auditor's Report

Notes

- 1 The condensed financial statements are presented in Singapore Dollars.
- 2 Certain comparative figures have been restated to conform with 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

- "2022" and "2021" denote financial year of 2022 and 2021 respectively.
"2H22" and "2H21" denote second half of 2022 and 2021 respectively.
"1H22" denotes first half of 2022.
"NM" denotes not meaningful.
"NA" denotes not applicable.

United Overseas Bank Limited and Its Subsidiaries

Financial Highlights

	2022	2021	+ / (-) %	2H22	2H21	+ / (-) %	1H22	+ / (-) %
Selected income statement items (\$m)								
Net interest income	8,343	6,388	31	4,794	3,282	46	3,549	35
Net fee and commission income	2,143	2,357	(9)	1,004	1,156	(13)	1,139	(12)
Other non-interest income	1,089	1,044	4	716	449	59	374	92
Total income	11,575	9,789	18	6,514	4,887	33	5,061	29
Less: Operating expenses	5,016	4,313	16	2,775	2,167	28	2,241	24
Operating profit	6,559	5,476	20	3,739	2,720	37	2,820	33
Less: Amortisation of intangible assets	3	-	NM	3	-	NM	-	NM
Allowance for credit and other losses	603	657	(8)	288	275	5	315	(9)
Add: Share of profit of associates and joint ventures	97	118	(17)	46	47	(3)	52	(11)
Net profit before tax	6,050	4,937	23	3,494	2,492	40	2,557	37
Less: Tax and non-controlling interests	1,231	862	43	693	429	62	538	29
Net Profit	4,819	4,075	18	2,801	2,063	36	2,018	39
Less: One-off expenses								
Citi integration costs (net of tax)	70	-	NM	70	-	NM	-	NM
Stamp duty	176	-	NM	176	-	NM	-	NM
Net profit (including one-off expenses)¹	4,573	4,075	12	2,555	2,063	24	2,018	27

Selected balance sheet items (\$m)

Gross customer loans	319,663	310,800	3	319,663	310,800	3	321,677	(1)
Customer deposits	368,553	352,633	5	368,553	352,633	5	358,051	3
Total assets	504,260	459,323	10	504,260	459,323	10	493,288	2
Shareholders' equity ¹	43,366	42,633	2	43,366	42,633	2	42,257	3

Key financial ratios (%)

Net interest margin ²	1.86	1.56		2.08	1.55		1.63	
Non-interest income/Total income	27.9	34.7		26.4	32.8		29.9	
Cost/Income ratio ³	43.3	44.1		42.6	44.3		44.3	
Overseas profit before tax contribution ³	36.7	42.8		36.6	42.0		36.8	
Credit costs on loans (bp) ²								
General	(2)	2		(4)	(5)		-	
Specific	22	18		23	21		20	
Total	20	20		19	16		20	
NPL ratio ⁴	1.6	1.6		1.6	1.6		1.7	

Notes:

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

United Overseas Bank Limited and Its Subsidiaries

Financial Highlights (cont'd)

	2022	2021	2H22	2H21	1H22
Key financial ratios (%) (cont'd)					
Return on average ordinary shareholders' equity ^{1,2,3}	11.9	10.2	13.9	10.2	9.9
Return on average total assets ^{1,3}	0.99	0.92	1.12	0.91	0.85
Return on average risk-weighted assets ^{1,3}	1.83	1.68	2.14	1.65	1.53
Loan/Deposit ratio ⁴	85.6	87.0	85.6	87.0	88.7
Liquidity coverage ratios ("LCR") ^{5,9}					
All-currency	140	135	145	135	135
Singapore Dollar	280	309	254	340	307
Net stable funding ratio ("NSFR") ^{6,9}	116	116	116	116	111
Capital adequacy ratios					
Common Equity Tier 1	13.3	13.5	13.3	13.5	13.1
Tier 1	14.4	14.4	14.4	14.4	14.0
Total	16.7	16.6	16.7	16.6	16.4
Leverage ratio ⁷	6.6	7.2	6.6	7.2	6.6
Earnings per ordinary share (\$) ^{1,2}					
Basic	2.69	2.39	3.15	2.42	2.37
Diluted	2.68	2.38	3.14	2.41	2.36
Net asset value ("NAV") per ordinary share (\$) ⁸	24.24	24.08	24.24	24.08	23.81
Revalued NAV per ordinary share (\$) ⁸	27.39	27.16	27.39	27.16	26.90

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 Refer 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 are available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.

Performance Review

FY22 versus FY21

Core net profit for FY22 grew 18% to a new high of \$4.82 billion from a year ago, boosted by strong net interest income and stable asset quality. Including the one-off costs relating to the acquisition of Citigroup's Malaysia and Thailand consumer businesses ("Citi"), net profit was at \$4.57 billion.

Net interest income increased 31% to \$8.34 billion, led by robust net interest margin expansion of 30 basis points to 1.86% on rising interest rates and loan growth of 3%.

Despite credit card fees registering a double-digit growth from higher customer spending and the consolidation of Citi's credit card business, net fee income declined 9% to \$2.14 billion as muted investor sentiments weighed down on wealth and fund management fees.

Customer-related treasury income grew 20%, driven by hedging demands and higher investment activities amid market volatility. This was partly offset by impact on hedges and lower valuation on investments. As such, other non-interest income increased 4% to \$1.09 billion.

Total core operating expenses rose 16% to \$5.02 billion, in tandem with strong income growth, resulting in an improvement of the cost-to-income ratio by 0.8% points to 43.3%.

Asset quality remained stable. Total allowance declined 8% to \$603 million. Total credit costs on loans was maintained at 20 basis points, as the write-back of pre-emptive general allowance cushioned the impact of higher specific allowance.

2H22 versus 2H21

Compared with the second half of last year, core net profit increased by 36% to \$2.80 billion. Including the impact from one-off expenses, net profit was 24% higher at \$2.56 billion. Net interest income rose 46% to a new record of \$4.79 billion, driven by 53 basis points uplift in net interest margin to 2.08%.

Net fee and commission income was 13% lower as robust credit card fees were more than offset by softer wealth-management and loan-related fees. Other non-interest income rose 59% to \$716 million on higher customer-related treasury income.

With strong income growth and disciplined cost management, the core cost-to-income ratio improved from 44.3% to 42.6%. Total allowance increased to \$288 million, largely due to higher specific allowance on a few non-systemic accounts.

2H22 versus 1H22

2H22 net profit excluding one-off expenses was 39% higher on strong net interest income and other non-interest income.

Net fee and commission income was down 12%, due to seasonal slowdown in wealth-management and loan-related activities. However, credit card fees were at new high boosted by higher customer spends and consolidation of Citi's consumer business. Other non-interest income surged 92% to \$716 million on higher customer-related treasury income as well as exceptional performance from trading and liquidity management activities that benefitted from market volatilities.

Total core operating expenses increased 24% to S\$2.78 billion while the cost-to-income ratio improved to 42.6%. Total allowance reduced by 9% to \$288 million, primarily driven by the unwinding of pre-emptive general allowance.

Asset Quality

Asset quality remained resilient with NPL ratio stable at 1.6% as of 31 December 2022. The non-performing assets coverage stayed strong at 98% or 207% after taking collateral into account. Performing loans coverage was maintained prudently at 0.9%.

Capital, Funding and Liquidity Positions

The Group's liquidity and funding positions remained healthy with 2H22's average all-currency liquidity coverage ratio at 145% and net stable funding ratio at 116%, well above the minimum regulatory requirements. The loan-to-deposit ratio was stable at 85.6%.

As at 31 December 2022, the post Citi acquisition Common Equity Tier 1 Capital Adequacy Ratio improved to 13.3%. Leverage ratio of 6.6% was more than two times above the regulatory requirement.

Net Interest Income

Net interest margin

	2022			2021		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%
Interest bearing assets						
Customer loans	316,578	10,150	3.21	294,308	6,917	2.35
Interbank balances	68,249	1,367	2.00	65,545	467	0.71
Securities	63,613	1,345	2.11	50,069	820	1.64
Total	448,440	12,862	2.87	409,922	8,204	2.00
Interest bearing liabilities						
Customer deposits	362,803	3,450	0.95	338,599	1,569	0.46
Interbank balances/others	59,976	1,069	1.78	47,940	247	0.51
Total	422,778	4,519	1.07	386,539	1,816	0.47
Net interest margin ¹	1.86			1.56		

	2H22			2H21			1H22		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Interest bearing assets									
Customer loans	317,478	6,265	3.91	301,442	3,506	2.31	315,663	3,884	2.48
Interbank balances	70,185	1,038	2.93	65,253	223	0.68	66,280	329	1.00
Securities	69,036	881	2.53	52,109	423	1.61	58,101	464	1.61
Total	456,699	8,184	3.55	418,804	4,151	1.97	440,044	4,678	2.14
Interest bearing liabilities									
Customer deposits	365,145	2,519	1.37	347,506	746	0.43	360,422	931	0.52
Interbank balances/others	64,266	871	2.69	47,752	124	0.51	55,614	198	0.72
Total	429,411	3,390	1.57	395,258	870	0.44	416,035	1,129	0.55
Net interest margin ¹	2.08			1.55			1.63		

Note:

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

Net Interest Income (cont'd)

Volume and rate analysis

	2022 vs 2021		
	Volume change \$m	Rate change \$m	Net change \$m
Interest income			
Customer loans	523	2,709	3,233
Interbank balances	19	881	900
Securities	222	303	525
Total	765	3,893	4,658
Interest expense			
Customer deposits	112	1,769	1,881
Interbank balances/others	62	761	822
Total	174	2,529	2,704
Change in number of days	-	-	-
Net interest income	591	1,364	1,955

	2H22 vs 2H21			2H22 vs 1H22		
	Volume change \$m	Rate change \$m	Net change \$m	Volume change \$m	Rate change \$m	Net change \$m
Interest income						
Customer loans	187	2,573	2,759	22	2,257	2,279
Interbank balances	17	798	815	19	672	691
Securities	137	321	458	87	315	402
Total	341	3,692	4,032	129	3,243	3,372
Interest expense						
Customer deposits	38	1,735	1,773	12	1,535	1,547
Interbank balances/others	43	704	747	31	628	658
Total	81	2,440	2,520	43	2,163	2,206
Change in number of days	-	-	-	-	-	78
Net interest income	260	1,252	1,512	86	1,080	1,245

Net interest income for 2022 surged 31% to \$8.34 billion against last year. This was led by robust net interest margin expansion of 30 basis points to 1.86% on rising interest rates and steady loan growth of 3%.

Compared with 2H21, net interest income rose 46% to a new high of \$4.79 billion, driven by 53 basis points uplift in net interest margin to 2.08%.

Against 1H22, net interest income was 35% higher similarly propelled by margin expansion.

United Overseas Bank Limited and Its Subsidiaries

Non-Interest Income

	2022	2021	+ / (-)	2H22	2H21	+ / (-)	1H22	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Net fee and commission income								
Credit card ¹	628	447	41	361	242	49	268	35
Fund management	245	325	(25)	118	154	(24)	128	(8)
Wealth management ⁴	536	768	(30)	239	361	(34)	297	(20)
Loan-related ²	695	698	(0)	300	334	(10)	395	(24)
Service charges	143	139	2	72	71	1	71	0
Trade-related ³	326	310	5	162	160	1	164	(1)
Others	22	19	16	8	10	(16)	12	(32)
	2,595	2,706	(4)	1,260	1,332	(5)	1,335	(6)
Less: Fee and commission expenses	452	349	29	256	176	45	196	30
	2,143	2,357	(9)	1,004	1,156	(13)	1,139	(12)
Other non-interest income								
Net trading income ⁴	1,064	569	87	748	255	>100	317	>100
Net (loss)/gain from investment securities	(235)	216	(>100)	(176)	69	(>100)	(59)	(>100)
Dividend income	40	40	(1)	14	16	(12)	27	(48)
Rental income	110	105	5	56	52	8	53	6
Other income	110	114	(3)	74	57	29	35	>100
	1,089	1,044	4	716	449	59	374	92
Total	3,232	3,401	(5)	1,720	1,605	7	1,512	14

In 2022, despite record high credit card fees from increased customer spending and the consolidation of Citi's credit card business, net fee income declined 9% to \$2.14 billion as muted investor sentiments weighed down on wealth and fund management fees.

Customer-related treasury income grew 20% year on year driven by hedging demands and higher investment activities amid market volatility. This was partly offset by impact on proprietary hedges and lower valuation on investments. As such, other non-interest income increased 4% to \$1.09 billion.

Against the second half last year, net fee and commission income was 13% lower as robust credit card fees were more than offset by softer wealth and loan fees. Other non-interest income rose 59% to \$716 million on higher customer-related treasury income.

Compared with 1H22, net fee and commission income decreased 12% largely due to lower loan and wealth fees. Other non-interest income surged 92% to \$716 million on higher customer-related treasury income.

Notes:

- 1 Credit card fees are net of interchange fees paid.
- 2 Loan-related fees include fees earned from corporate finance activities.
- 3 Trade-related fees include trade, remittance and guarantees related fees.
- 4 With effect from 1 January 2022, customer-related income from treasury products has been reclassified from fee income to trading income to better align to market practice. Comparatives have been restated accordingly.

United Overseas Bank Limited and Its Subsidiaries

Operating Expenses

	2022	2021	+ / (-)	2H22	2H21	+ / (-)	1H22	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Staff costs	3,001	2,602	15	1,678	1,275	32	1,323	27
Other operating expenses								
Revenue-related	729	561	30	436	292	50	293	49
IT-related	770	638	21	413	333	24	357	15
Occupancy-related	319	314	1	163	155	6	155	5
Others	462	198	>100	350	113	>100	113	>100
	2,280	1,711	33	1,362	892	53	918	48
Total	5,281	4,313	22	3,040	2,167	40	2,241	36
Of which,								
Depreciation of assets	534	489	9	285	253	13	249	15
One-off expenses								
- Citi integration cost	89	-	NM	89	-	NM	-	NM
- Stamp duty	176	-	NM	176	-	NM	-	NM
Manpower (number)	28,661	24,346	18	28,661	24,346	18	24,516	17

Full year 2022 total operating expenses at \$5.28 billion included the one-off costs of \$265 million related to the Citi acquisition. Total core operating expenses rose 16% to \$5.02 billion. With strong income growth and cost discipline, the core cost-to-income ratio improved 0.8% points to 43.3% for the year.

Against 2H21 and 1H22, the cost-to-income ratio also improved to 42.6%, excluding one-off expenses.

United Overseas Bank Limited and Its Subsidiaries

Allowance for Credit and Other Losses

	2022	2021	+ / (-)	2H22	2H21	+ / (-)	1H22	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
General allowance ¹	(154)	95	(>100)	(157)	(96)	(63)	4	(>100)
Specific allowance ²								
Specific allowance on loans ³	694	534	30	380	325	17	314	21
Singapore	75	66	13	49	34	45	26	90
Malaysia	259	104	>100	171	71	>100	89	92
Thailand	141	162	(13)	118	84	41	23	>100
Indonesia	105	127	(17)	57	86	(34)	48	19
Greater China ⁴	100	56	78	(35)	39	(>100)	135	(>100)
Others	14	19	(28)	20	11	80	(6)	>100
Specific allowance on securities and others	63	28	>100	65	46	42	(3)	>100
Total	603	657	(8)	288	275	5	315	(9)

Total allowance for the full year of 2022 declined 8% to \$603 million. This was largely due to the write-back of pre-emptive general allowance which cushioned the higher specific allowance due to downgrade of a few non-systemic corporate accounts. Total credit costs on loans maintained at 20 basis points.

Compared with the same period last year, total allowance for 2H22 increased 5% to \$288 million, largely attributed to higher specific allowance.

Against 1H22, total allowance fell 9% mainly due to the release of general allowance.

Notes:

- General allowance refer to Expected Credit Loss Stage 1 and Stage 2 under SFRS(I) 9.
- Specific allowance refer to Expected Credit Loss Stage 3 and purchased or originated credit-impaired under SFRS(I) 9.
- Specific allowance on 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.
- Comprise Mainland China, Hong Kong SAR and Taiwan.

United Overseas Bank Limited and Its Subsidiaries

Customer Loans

	Dec-22	Jun-22	Dec-21
	\$m	\$m	\$m
Gross customer loans	319,663	321,677	310,800
Less: General allowance	2,588	2,538	2,562
Specific allowance	1,720	1,610	1,525
Net customer loans	315,355	317,529	306,713
By industry			
Transport, storage and communication	14,482	14,913	13,291
Building and construction	87,178	86,334	83,351
Manufacturing	22,123	25,678	22,589
Financial institutions, investment and holding companies	37,949	40,740	40,828
General commerce	36,530	39,131	37,305
Professionals and private individuals	28,970	24,284	25,132
Housing loans	76,807	73,776	72,069
Others	15,624	16,821	16,235
Total (gross)	319,663	321,677	310,800
By currency			
Singapore Dollar	138,553	139,253	137,685
US Dollar	62,212	72,459	62,800
Malaysian Ringgit	30,645	26,681	27,022
Thai Baht	22,223	18,842	18,956
Indonesian Rupiah	5,653	5,566	5,419
Others	60,377	58,876	58,918
Total (gross)	319,663	321,677	310,800
By maturity			
Within 1 year	129,858	142,177	129,757
Over 1 year but within 3 years	69,172	63,220	66,857
Over 3 years but within 5 years	31,470	35,939	35,312
Over 5 years	89,163	80,341	78,874
Total (gross)	319,663	321,677	310,800
By geography ¹			
Singapore	160,426	163,210	157,543
Malaysia	33,274	29,573	29,836
Thailand	23,488	20,562	20,857
Indonesia	10,043	11,325	10,162
Greater China	48,623	52,557	48,779
Others	43,809	44,450	43,623
Total (gross)	319,663	321,677	310,800

As at 31 December 2022, gross loans grew a healthy 3% from a year ago and was little changed from first half at \$320 billion. Singapore loans rose 2% year-on-year while the consolidation of Citi added 11% to ASEAN loan book in second half of this year.

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

	Dec-22	Jun-22	Dec-21
	\$m	\$m	\$m
Loans ("NPL")	5,060	5,374	5,030
Debt securities and others	67	48	47
Non-performing assets ("NPA")	5,127	5,422	5,077

By grading

Substandard	3,217	3,926	3,529
Doubtful	812	444	421
Loss	1,098	1,052	1,127
Total	5,127	5,422	5,077

By security

Secured by collateral type:			
Properties	2,543	2,586	2,824
Shares and debentures	4	-	-
Fixed deposits	8	8	12
Others ¹	161	160	200
	2,716	2,754	3,036
Unsecured	2,411	2,668	2,041
Total	5,127	5,422	5,077

By ageing

Current	978	1,431	1,505
Within 90 days	817	742	555
Over 90 to 180 days	476	667	244
Over 180 days	2,856	2,582	2,773
Total	5,127	5,422	5,077

Total allowance

General	2,868	2,912	2,941
Specific	1,755	1,643	1,556
Total	4,623	4,555	4,497

	NPL	NPL	NPL	NPL	NPL
	\$m	ratio	\$m	ratio	\$m
		%		%	
NPL by industry					
Transport, storage and communication	402	2.8	420	2.8	488
Building and construction	1,145	1.3	1,331	1.5	929
Manufacturing	840	3.8	889	3.5	880
Financial institutions, investment and holding companies	51	0.1	80	0.2	232
General commerce	876	2.4	926	2.4	1,002
Professionals and private individuals	348	1.2	302	1.2	336
Housing loans	922	1.2	933	1.3	966
Others	476	3.0	493	2.9	197
Total	5,060	1.6	5,374	1.7	5,030

Note:

1 Comprise mainly marine vessels.

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				
Dec-22	1,570	1.0	492	31
Jun-22	1,736	1.1	549	32
Dec-21	2,170	1.4	642	30
Malaysia				
Dec-22	1,228	3.7	427	35
Jun-22	1,244	4.2	285	23
Dec-21	829	2.8	226	27
Thailand				
Dec-22	830	3.5	281	34
Jun-22	656	3.2	204	31
Dec-21	751	3.6	237	32
Indonesia				
Dec-22	614	6.1	227	37
Jun-22	750	6.6	246	33
Dec-21	761	7.5	214	28
Greater China				
Dec-22	456	0.9	200	44
Jun-22	797	1.5	249	31
Dec-21	273	0.6	117	43
Others				
Dec-22	362	0.8	93	26
Jun-22	191	0.4	77	41
Dec-21	246	0.6	89	36
Group NPL				
Dec-22	5,060	1.6	1,720	34
Jun-22	5,374	1.7	1,610	30
Dec-21	5,030	1.6	1,525	30
Group NPA				
Dec-22	5,127		1,755	34
Jun-22	5,422		1,643	30
Dec-21	5,077		1,556	31
	Total allowance			
	as a % of NPA²		as a % of unsecured NPA²	
Group	%		%	
Dec-22	98		207	
Jun-22	91		185	
Dec-21	96		239	

The Group's overall credit portfolio remained healthy, with NPL ratio steady at 1.6% as of 31 December 2022.

The non-performing assets coverage stayed strong at 98% or 207% after taking collateral into account. Performing loans coverage was maintained prudently at 0.9%.

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

	Dec-22	Jun-22	Dec-21
	\$m	\$m	\$m
By product			
Fixed deposits	175,965	142,463	137,079
Savings deposits	88,979	101,720	99,703
Current accounts	86,152	93,959	98,624
Others	17,457	19,909	17,227
Total	368,553	358,051	352,633
By maturity			
Within 1 year	362,830	354,805	350,888
Over 1 year but within 3 years	4,769	2,457	1,255
Over 3 years but within 5 years	561	385	61
Over 5 years	393	404	429
Total	368,553	358,051	352,633
By currency			
Singapore Dollar	164,006	162,042	155,713
US Dollar	102,568	99,314	100,927
Malaysian Ringgit	31,254	28,999	29,497
Thai Baht	24,758	21,816	21,327
Indonesian Rupiah	6,096	6,961	6,664
Others	39,871	38,919	38,505
Total	368,553	358,051	352,633
Group Loan/Deposit ratio (%)	85.6	88.7	87.0
Singapore Dollar Loan/Deposit ratio (%)	83.6	85.0	87.5
US Dollar Loan/Deposit ratio (%)	60.0	72.3	61.6

Customer deposits grew 5% from a year ago and 3% from first-half to \$369 billion, primarily contributed by fixed deposits as customers reacted favourably to the promotional campaigns.

As at 31 December 2022, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 85.6% and 83.6% respectively.

United Overseas Bank Limited and Its Subsidiaries
Performance by Business Segment ¹

Selected income statement items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
2022					
Net interest income	2,918	4,662	150	613	8,343
Non-interest income	1,135	1,550	410	137	3,232
Operating income	4,053	6,212	560	750	11,575
Operating expenses	(2,233)	(1,539)	(259)	(1,250)	(5,281)
Amortisation of intangible assets	(3)	-	-	-	(3)
(Allowance for)/Write-back of credit and other losses	(79)	(140)	10	(394)	(603)
Share of profit of associates and joint ventures	-	26	-	71	97
Profit before tax	1,738	4,559	311	(823)	5,785
Tax					(1,202)
Profit for the financial year					4,583
Other information:					
Capital expenditure	40	48	1	615	704
Depreciation of assets	64	45	12	413	534
2021					
Net interest income	2,150	3,526	397	315	6,388
Non-interest income	1,341	1,521	208	331	3,401
Operating income	3,491	5,047	605	646	9,789
Operating expenses	(1,793)	(1,357)	(231)	(932)	(4,313)
Amortisation of intangible assets	-	-	-	-	-
(Allowance for)/Write-back of credit and other losses	(131)	(411)	11	(126)	(657)
Share of profit of associates and joint ventures	-	25	-	93	118
Profit before tax	1,567	3,304	385	(319)	4,937
Tax					(850)
Profit for the financial year					4,087
Other information:					
Capital expenditure	32	35	2	481	550
Depreciation of assets	62	37	13	377	489

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 Segment¹ (cont'd)

Selected income statement items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
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 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

2H21					
Net interest income	1,068	1,820	201	193	3,282
Non-interest income	655	753	71	126	1,605
Operating income	1,723	2,573	272	319	4,887
Operating expenses	(933)	(705)	(114)	(415)	(2,167)
Amortisation of intangible assets	-	-	-	-	-
(Allowance for)/Write-back of credit and other losses	(82)	(86)	13	(120)	(275)
Share of profit of associates and joint ventures	-	13	-	34	47
Profit before tax	708	1,795	171	(182)	2,492
Tax					(423)
Profit for the financial period					2,069
Other information:					
Capital expenditure	18	14	0	261	293
Depreciation of assets	31	21	7	194	253

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 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 \$m	GWB \$m	GM \$m	Others \$m	Total \$m
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
At 31 December 2021					
Segment assets	99,311	234,472	83,615	36,535	453,933
Intangible assets	1,167	2,231	659	88	4,145
Investment in associates and joint ventures	5	193	-	1,047	1,245
Total assets	100,483	236,896	84,274	37,670	459,323
Segment liabilities	150,314	211,314	36,538	18,296	416,462
Other information:					
Gross customer loans	99,379	210,437	962	22	310,800
Non-performing assets	1,128	3,563	26	360	5,077

Note:

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

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.

Against last year, profit before tax rose 11% to \$1.74 billion in 2022. Excluding one-off costs associated with the Citi acquisition, core profit before tax would have registered a 28% growth. Income advanced 16% to cross the \$4 billion mark, buoyed by wider margin and campaign-led deposit growth, along with stronger card activities fuelled by consumer spending and travel surge across the region, coupled with the maiden inclusion of Citi's consumer businesses in Malaysia and Thailand since November 2022. These were partly tempered by softer wealth income as global uncertainties clouded investor appetite. Core operating expenses climbed 10% largely from revenue-related costs and continued investments in technology, with the one-off costs contributing another 15%. Allowance for credit and other losses receded to \$79 million, supported by regional economic recovery.

Compared with 2H21 and 1H22, profit before tax improved 32% and 16% respectively to \$934 million, as the benefit of thicker margin and an enlarged franchise with Citi eclipsed the subdued wealth momentum and Citi-related one-off costs. Allowance for credit and other losses increased against the first half mainly from the addition of Citi's unsecured portfolio.

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.

Profit before tax reached a new high of \$4.56 billion in 2022. This represented a strong growth of 38% compared with 2021, boosted by broad-based revenue streams and lower costs of credit, as most of Asia had shown resilience against wide-ranging macro headwinds. Income growth of 23% to \$6.21 billion was powered by margin expansion and higher client activities across investment banking, transaction banking and treasury customer flows. Expenses increased 13% to \$1.54 billion, backed by ongoing investments in people, technology and product capabilities. Allowance for credit and other losses more than halved to \$140 million with the unwinding of pre-emptive general allowance, partly cushioning the higher specific allowance on a few non-systemic NPAs.

2H22 profit before tax of \$2.51 billion advanced 40% against a year ago and 23% against 1H22, propelled by higher margin and lower credit costs. This was partly moderated by tepid loan related fees after stellar performance in the prior periods amid cautious business sentiment, coupled with higher operating expenses to support franchise growth.

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.

Profit before tax in 2022 stood at \$311 million, 19% down from a year ago, with the second half coming in lower than in 2H21 and 1H22. This reflected the impact of funding costs rising faster and steeper than yields on securities, alongside higher expenses primarily from staff and technology. Partly countering this was the doubling of non-interest income, fuelled by stronger performance in foreign exchange and commodity trading on the back of financial market volatility.

Others

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

Against 2021, loss before tax more than doubled to \$823 million, driven by valuation headwinds besetting investments and fund management activities amid tumultuous financial markets, coupled with higher operating expenses and general allowance. These were partially cushioned by higher income from central treasury activities.

Loss before tax widened to \$304 million against 2H21 mainly from higher staff expenses and credit costs. Against 1H22, the smaller loss before tax was attributable to central treasury activities which more than offset the increase in operating costs incurred in the second half of 2022.

Performance by Geographical Segment¹

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2022							
Net interest income	4,737	900	814	450	651	791	8,343
Non-interest income	1,921	382	263	153	412	101	3,232
Operating income	6,658	1,282	1,077	603	1,063	892	11,575
Operating expenses	(2,841)	(745)	(690)	(377)	(436)	(192)	(5,281)
Amortisation of intangible assets	-	(1)	(2)	-	-	-	(3)
Allowance for credit and other losses	(99)	(223)	(111)	(115)	(42)	(13)	(603)
Share of profit of associates and joint ventures	103	(0)	-	-	(2)	(4)	97
Profit before tax	3,821	313	274	111	583	683	5,785
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
2021							
Net interest income	3,161	837	736	393	664	597	6,388
Non-interest income	1,994	309	256	181	315	346	3,401
Operating income	5,155	1,146	992	574	979	943	9,789
Operating expenses	(2,350)	(457)	(585)	(353)	(410)	(158)	(4,313)
Amortisation of intangible assets	-	-	-	-	-	-	-
Allowance for credit and other losses	(108)	(137)	(136)	(145)	(96)	(35)	(657)
Share of profit of associates and joint ventures	125	0	-	-	2	(9)	118
Profit before tax	2,822	552	271	76	475	741	4,937
Total assets before intangible assets	258,059	43,596	29,220	11,255	66,741	46,307	455,178
Intangible assets	3,182	-	723	234	-	6	4,145
Total assets	261,241	43,596	29,943	11,489	66,741	46,313	459,323

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 Segment¹ (cont'd)

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
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 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
2H21							
Net interest income	1,623	422	377	196	348	316	3,282
Non-interest income	905	156	124	95	155	170	1,605
Operating income	2,528	578	501	291	503	486	4,887
Operating expenses	(1,144)	(244)	(296)	(188)	(215)	(80)	(2,167)
Amortisation of intangible assets	-	-	-	-	-	-	-
Allowance for credit and other losses	2	(63)	(85)	(69)	(51)	(9)	(275)
Share of profit of associates and joint ventures	62	0	-	-	1	(16)	47
Profit before tax	1,448	271	120	34	238	381	2,492
Total assets before intangible assets	258,059	43,596	29,220	11,255	66,741	46,307	455,178
Intangible assets	3,182	-	723	234	-	6	4,145
Total assets	261,241	43,596	29,943	11,489	66,741	46,313	459,323
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 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

Profit before tax in 2022 surged 35% against last year to \$3.82 billion. Net interest income soared 50% to \$4.74 billion, exhibiting franchise strength as one of Singapore's incumbent banks in delivering wider margins amid rising interest rates, coupled with healthy asset growth. Non-interest income displayed resilience, easing only 4% to \$1.92 billion, even as choppy financial markets had dampened wealth and fund management fees throughout the industry. This was buttressed by record levels in card, loan and trade fees amid the reopening of regional borders and economies. Expenses rose 21% to \$2.84 billion, in line with ongoing investments in people and technology although cost-to-income ratio improved to 42.7%, reflecting our measured approach. Total allowance for credit and other losses edged lower to \$99 million, backed by benign credit conditions.

2H22 profit before tax grew 52% year-on-year and 37% half-on-half to \$2.21 billion, propelled by expansion in margin and assets, along with strong uptick in trading income and card fees. These were tempered by slower momentum in wealth and fund management fees, loan fees easing from a higher base, as well as sequential rise in staff costs and general allowance.

Malaysia

Profit before tax for 2022 was \$313 million, 43% lower than a year ago mainly due to one-off costs arising from the purchase of Citi's consumer assets. Excluding these costs, core profit before tax declined 6%, owing largely to credit costs in relation to a major, non-systemic corporate NPL. Total income climbed 12% to \$1.28 billion, driven by wider margin, stronger trading result and the addition of Citi's retail business for two months. Core expenses were 18% higher at \$538 million, primarily from staff and revenue-related costs in tandem with the pickup in business activities.

Compared with 2H21 and 1H22, profit before tax narrowed by 75% and 72% respectively to \$69 million, due to one-off costs. Excluding these costs, core profit before tax rose 2% from a year ago and 13% half-on-half, as double-digit income growth, led by net interest and trading income cushioned higher operating and credit costs.

Thailand

Profit before tax for 2022 of \$274 million was relatively stable year-on-year but would have been 16% higher, excluding the one-off costs in relation to the takeover of Citi's retail franchise. Total income expanded 9% to \$1.08 billion, augmented by Citi's business consolidated since November 2022. Core expenses rose 11% to \$651 million, mainly from revenue-related and staff costs. Total allowance for credit and other losses receded 19% to \$111 million as the credit environment stabilised.

Against 2H21 and 1H22, profit before tax declined 16% and 42% respectively to \$101 million in 2H22, stemming from higher expenses. Total income of \$594 million registered strong double-digit growth against both periods, boosted by income from Citi's consumer business. Total allowance for credit and other losses was higher half-on-half at \$91 million due to credit costs relating to Citi's unsecured portfolio.

Indonesia

Compared with a year ago, 2022 profit before tax jumped 45% to \$111 million, driven by income growth and lower specific allowance amid improving macro conditions. Total income inched up 5% to \$603 million on the back of double-digit asset expansion and better margin, partly moderated by softer trading and investment income. Expenses were 7% higher at \$377 million, led by investments to enhance technology/ digital capabilities, alongside higher revenue-related spend.

Second-half profit before tax achieved 68% growth year-on-year to \$57 million, fuelled by wider margin and enlarged assets, negated by slower investment income and wealth fees. Against 1H21, profit before tax recorded a modest 7% lift as net interest income growth was countered by higher expenses and general allowance.

Greater China

Profit before tax rose 23% to \$583 million in 2022, from stronger income growth and lower credit costs in spite of headwinds of strict pandemic measures and property market. Total income grew 9% to \$1.06 billion on stronger trading income, partly weighed down by higher funding costs. Expenses rose 6% to \$436 million largely from staff costs.

2H22 profit before tax surged 74% from a year ago and more than doubled over the previous half year to \$413 million, primarily from improved credit costs and trading performance.

Others

Compared with a year ago, profit before tax narrowed 8% to \$683 million in 2022, beset by valuation headwinds on investments. This was partly cushioned by double-digit growth in net interest income, led by margin and volumes. Against 2H21, profit before tax was unchanged at \$381 million as the growth in net interest income and decrease in credit costs were negated by softer trading income. Compared with 1H22, profit before tax was 27% higher at \$381 million, largely spurred by improvement in net interest income and credit costs.

United Overseas Bank Limited and Its Subsidiaries

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

	Dec-22	Jun-22	Dec-21
	\$m	\$m	\$m
Share capital	5,077	5,077	5,014
Disclosed reserves/others	34,951	34,241	34,663
Regulatory adjustments	(5,623)	(4,858)	(4,742)
Common Equity Tier 1 Capital ("CET1")	34,405	34,460	34,935
Perpetual capital securities/others	2,780	2,380	2,379
Additional Tier 1 Capital ("AT1")	2,780	2,380	2,379
Tier 1 Capital	37,185	36,840	37,314
Subordinated notes	4,621	4,874	4,320
Provisions/others	1,558	1,250	1,441
Tier 2 Capital	6,179	6,124	5,761
Eligible Total Capital	43,364	42,964	43,075
Risk-Weighted Assets ("RWA")	259,098	262,695	259,067
Capital Adequacy Ratios ("CAR")			
CET1	13.3%	13.1%	13.5%
Tier 1	14.4%	14.0%	14.4%
Total	16.7%	16.4%	16.6%
Leverage Exposure	563,583	558,189	517,243
Leverage Ratio	6.6%	6.6%	7.2%

The Group's CET1, Tier 1 and Total CAR as at 31 December 2022 remained well above the regulatory minimum requirements.

Year-on-year, total capital grew from reserves accretion as well as issuance of perpetual securities and Tier 2 subordinated notes. This was partly offset by higher regulatory deductions arising from Citi acquisition while RWA increased marginally.

The higher total capital compared to 30 June 2022 was largely contributed by earnings, perpetual securities and eligible provisions, partially offset by lower valuation reserves and increase in regulatory deductions. RWA declined mainly due to lower loan base.

As at 31 December 2022, the Group's leverage ratio of 6.6% was 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 Income Statements (Audited) for the financial year ended 31 December 2022

	The Group			
	2022	2021	2H22¹	2H21 ¹
	\$m	\$m	\$m	\$m
Interest income	12,862	8,204	8,184	4,152
Less: Interest expense	4,519	1,816	3,390	870
Net interest income	8,343	6,388	4,794	3,282
Net fee and commission income	2,143	2,357	1,004	1,156
Dividend income	40	40	14	16
Rental income	110	105	56	52
Net trading income	1,064	569	748	255
Net (loss)/gain from investment securities	(235)	216	(176)	69
Other income	110	114	74	57
Non-interest income	3,232	3,401	1,720	1,605
Total operating income	11,575	9,789	6,514	4,887
Less: Staff costs	3,001	2,602	1,678	1,275
Other operating expenses	2,280	1,711	1,362	892
Total operating expenses	5,281	4,313	3,040	2,167
Operating profit before allowance and amortisation	6,294	5,476	3,474	2,720
Less: Amortisation of intangible assets	3	-	3	-
Allowance for credit and other losses	603	657	288	275
Operating profit after allowance and amortisation	5,688	4,819	3,183	2,445
Share of profit of associates and joint ventures	97	118	46	47
Profit before tax	5,785	4,937	3,229	2,492
Less: Tax	1,202	850	666	423
Profit for the financial period	4,583	4,087	2,563	2,069
Attributable to:				
Equity holders of the Bank	4,573	4,075	2,555	2,063
Non-controlling interests	10	12	8	6
	4,583	4,087	2,563	2,069
Earnings per share (\$) ^{2,3}				
Basic	2.69	2.39	3.15	2.42
Diluted	2.68	2.38	3.14	2.41

Notes:

1 Unaudited.

2 Computed on an annualised basis.

3 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 (Audited) for the financial year ended 31 December 2022

	The Group			
	2022	2021	2H22¹	2H21 ¹
	\$m	\$m	\$m	\$m
Profit for the financial period	4,583	4,087	2,563	2,069
Other comprehensive income that will not be reclassified to income statement				
Net (loss)/gain on equity instruments at fair value through other comprehensive income	(263)	101	(163)	(48)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	(3)	3	(27)	(5)
Remeasurement of defined benefit obligation	5	5	5	5
Related tax on items at fair value through other comprehensive income	11	(9)	9	2
	(250)	100	(176)	(46)
Other comprehensive income that may be subsequently reclassified to income statement				
Currency translation adjustments	(798)	(170)	(560)	(29)
Net (loss)/gain on debt instruments classified at fair value through other comprehensive income and cashflow hedge :				
Net valuation taken to equity	(1,338)	(535)	(125)	(261)
Transferred to income statement	98	(53)	87	(11)
Change in allowance for expected credit losses	(16)	8	(17)	(5)
Related tax	66	53	(14)	24
	(1,988)	(697)	(629)	(282)
Change in share of other comprehensive income of associates and joint ventures	1	10	(34)	7
Other comprehensive income for the financial period, net of tax	(2,237)	(587)	(839)	(321)
Total comprehensive income for the financial period, net of tax	2,346	3,500	1,724	1,748
Attributable to:				
Equity holders of the Bank	2,352	3,485	1,721	1,744
Non-controlling interests	(6)	15	3	4
	2,346	3,500	1,724	1,748

Note:

1 Unaudited.

United Overseas Bank Limited and Its Subsidiaries
Consolidated Balance Sheet (Audited) as at 31 December 2022

	The Group		The Bank	
	Dec-22 \$m	Dec-21 \$m	Dec-22 \$m	Dec-21 \$m
Equity				
Share capital and other capital	7,855	7,391	7,855	7,391
Retained earnings	28,925	26,431	21,192	19,224
Other reserves	6,586	8,811	8,084	9,468
Equity attributable to equity holders of the Bank	43,366	42,633	37,131	36,083
Non-controlling interests	240	228	-	-
Total equity	43,606	42,861	37,131	36,083
Liabilities				
Deposits and balances of banks	24,537	15,561	20,572	13,169
Deposits and balances of customers	368,553	352,633	289,024	277,193
Deposits and balances of subsidiaries	-	-	17,130	16,070
Bills and drafts payable	788	977	622	799
Derivative financial liabilities	16,218	5,172	14,669	4,161
Other liabilities	8,803	7,069	5,948	5,547
Tax payable	802	563	650	444
Deferred tax liabilities	360	431	239	269
Debts issued	40,593	34,056	38,320	32,781
Total liabilities	460,654	416,462	387,174	350,433
Total equity and liabilities	504,260	459,323	424,305	386,516
Assets				
Cash, balances and placements with central banks	49,419	36,558	43,549	28,356
Singapore Government treasury bills and securities	12,056	7,426	12,056	7,424
Other government treasury bills and securities	19,822	14,898	7,802	5,147
Trading securities	4,606	5,788	3,642	4,990
Placements and balances with banks	35,410	38,916	24,917	28,176
Loans to customers	315,355	306,713	245,859	243,608
Placements with and advances to subsidiaries	-	-	22,985	23,948
Derivative financial assets	13,802	5,362	12,463	4,251
Investment securities	35,183	29,068	32,163	24,556
Other assets	7,690	4,683	5,246	2,963
Deferred tax assets	560	510	121	126
Investment in associates and joint ventures	1,258	1,245	309	309
Investment in subsidiaries	-	-	6,671	6,291
Investment properties	746	829	749	902
Fixed assets	3,453	3,182	2,591	2,287
Intangible assets	4,900	4,145	3,182	3,182
Total assets	504,260	459,323	424,305	386,516
Off-balance sheet items				
Contingent liabilities	31,574	31,303	23,254	23,029
Financial derivatives	953,953	743,500	832,348	605,590
Commitments	200,232	175,269	156,055	135,917
Net asset value per ordinary share (\$)	24.24	24.08	20.51	20.16

United Overseas Bank Limited and Its Subsidiaries
Statements of Changes in Equity (Audited) for the financial year ended 31 December 2022

	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 2022	7,391	26,431	8,811	42,633	228	42,861
Profit for the financial year	-	4,573	-	4,573	10	4,583
Other comprehensive income for the financial year	-	19	(2,240)	(2,221)	(16)	(2,237)
Total comprehensive income for the financial year	-	4,592	(2,240)	2,352	(6)	2,346
Transfers	-	(18)	18	-	-	-
Change in non-controlling interests	-	(1)	-	(1)	28	27
Dividends	-	(2,079)	-	(2,079)	(10)	(2,089)
Share-based compensation	-	-	60	60	-	60
Shares issued under share-based compensation plan	64	-	(63)	1	-	1
Perpetual capital securities issued	400	-	-	400	-	400
Balance at 31 December 2022	7,855	28,925	6,586	43,366	240	43,606
Balance at 1 January 2021	7,420	24,103	9,378	40,901	230	41,131
Profit for the financial year	-	4,075	-	4,075	12	4,087
Other comprehensive income for the financial year	-	12	(602)	(590)	3	(587)
Total comprehensive income for the financial year	-	4,087	(602)	3,485	15	3,500
Transfers	-	(24)	24	-	-	-
Change in non-controlling interests	-	-	-	-	(9)	(9)
Dividends	-	(1,733)	-	(1,733)	(8)	(1,741)
Shares re-purchased - held in treasury	(130)	-	-	(130)	-	(130)
Shares issued under scrip dividend scheme	52	-	-	52	-	52
Share-based compensation	-	-	59	59	-	59
Shares issued under share-based compensation plan	48	-	(48)	-	-	-
Perpetual capital securities issued	749	-	-	749	-	749
Redemption of perpetual capital securities	(748)	(2)	-	(750)	-	(750)
Balance at 31 December 2021	7,391	26,431	8,811	42,633	228	42,861

Note:

As at 31 December 2022, the revaluation surplus of \$5.27 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 (Audited) for the financial year ended 31 December 2022

	The Bank			
	Share capital and other capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2022	7,391	19,224	9,468	36,083
Profit for the financial year	-	4,037	-	4,037
Other comprehensive income for the financial year	-	9	(1,380)	(1,371)
Total comprehensive income for the financial year	-	4,046	(1,380)	2,666
Transfers	-	1	(1)	-
Dividends	-	(2,079)	-	(2,079)
Share-based compensation	-	-	60	60
Shares issued under share-based compensation plan	64	-	(63)	1
Perpetual capital securities issued	400	-	-	400
Balance at 31 December 2022	7,855	21,192	8,084	37,131
Balance at 1 January 2021	7,420	17,504	9,792	34,716
Profit for the financial year	-	3,454	-	3,454
Other comprehensive income for the financial year	-	(0)	(334)	(334)
Total comprehensive income for the financial year	-	3,454	(334)	3,120
Transfers	-	1	(1)	-
Dividends	-	(1,733)	-	(1,733)
Shares re-purchased - held in treasury	(130)	-	-	(130)
Shares issued under scrip dividend scheme	52	-	-	52
Share-based compensation	-	-	59	59
Shares issued under share-based compensation plan	48	-	(48)	-
Perpetual capital securities issued	749	-	-	749
Redemption of perpetual capital securities	(748)	(2)	-	(750)
Balance at 31 December 2021	7,391	19,224	9,468	36,083

United Overseas Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement (Audited) for the financial year ended 31 December 2022

	The Group	
	2022	2021
	\$m	\$m
Cash flows from operating activities		
Profit for the financial year	4,583	4,087
Adjustments for:		
Allowance for credit and other losses	603	657
Amortisation of intangible assets	3	-
Fair value change in other debts issued	(301)	(81)
Share of profit of associates and joint ventures	(97)	(118)
Tax	1,202	850
Depreciation of assets	534	489
Net gain on disposal of assets	(7)	(193)
Share-based compensation	61	59
Operating profit before working capital changes	6,581	5,750
Change in working capital:		
Deposits and balances of banks	9,643	(236)
Deposits and balances of customers	18,868	29,752
Bills and drafts payable	(180)	196
Other liabilities	13,347	(7,374)
Restricted balances with central banks	(680)	(155)
Government treasury bills and securities	(10,471)	(410)
Trading securities	1,062	(1,493)
Placements and balances with banks	2,724	1,257
Loans to customers	(8,609)	(31,573)
Investment securities	(8,519)	(4,618)
Other assets	(12,685)	6,442
Cash generated from/(used in) operations	11,081	(2,462)
Income tax paid	(977)	(675)
Net cash provided by/(used in) operating activities	10,104	(3,137)
Cash flows from investing activities		
Capital injection into associates and joint ventures	(4)	(3)
Distribution from associates and joint ventures	54	76
Acquisition of consumer business, net of cash acquired	(3,093)	-
Purchase of properties and other fixed assets	(704)	(550)
Disposal of properties and other fixed assets	35	37
Net cash used in investing activities	(3,712)	(440)
Cash flows from financing activities		
Perpetual capital securities issued	400	749
Redemption of perpetual capital securities	-	(750)
Issuance of debts issued	45,691	29,648
Redemption of debts issued	(38,181)	(24,699)
Shares re-purchased - held in treasury	-	(130)
Change in non-controlling interests	28	(9)
Dividends paid on ordinary shares	(2,010)	(1,607)
Distribution for perpetual capital securities	(81)	(85)
Dividends paid to non-controlling interests	(10)	(8)
Lease payments	(100)	(87)
Net cash provided by financing activities	5,737	3,022
Currency translation adjustments	164	163
Net increase/(decrease) in cash and cash equivalents	12,293	(392)
Cash and cash equivalents at beginning of the financial year	30,972	31,364
Cash and cash equivalents at end of the financial year	43,265	30,972

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Financial Statements for the financial year ended 31 December 2022

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The condensed financial statements for year ended 31 December 2022 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 interim financial statements for the year ended 30 June 2022.

(b) Changes in Accounting Policies

The Group adopted the following with effect from 1 January 2022:

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract

The adoption of these amendments did not have a significant impact to the Group's financial information as at 1 January 2022 and for the financial year ended 31 December 2022. 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 to the Group's financial statements.

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the year ended 31 December 2022 are the same as those applied in the audited financial statements for the financial year ended 31 December 2021.

(c) Critical Accounting Estimates and Judgements

In preparing the condensed 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 2021 but also included significant judgements and key sources of estimation uncertainty in relation to intangible assets.

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Financial Statements for the financial year ended 31 December 2022

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 consolidated statement of profit or loss are:

	Group			
	2022	2021	2H22	2H21
	\$m	\$m	\$m	\$m
Current income tax expense	1,242	881	674	450
Deferred income tax expense	(59)	(47)	(15)	(36)

3 Share Capital and Other Capital

	Dec-22		Dec-21	
	Number of shares '000	Amount \$m	Number of shares '000	Amount \$m
Ordinary shares				
Balance at beginning of period	1,685,923	5,351	1,683,916	5,299
Shares issued under scrip dividend scheme	-	-	2,007	52
Balance at end of period	1,685,923	5,351	1,685,923	5,351
Treasury shares				
Balance at beginning of period	(13,933)	(337)	(11,101)	(255)
Shares re-purchased - held in treasury	-	-	(4,900)	(130)
Shares issued under share-based compensation plan	2,619	64	2,068	48
Balance at end of period	(11,314)	(273)	(13,933)	(337)
Ordinary share capital	1,674,609	5,078	1,671,990	5,014
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		-
Share capital and other capital of the Bank and the Group		7,855		7,391

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Financial Statements for the financial year ended 31 December 2022

4 Dividends

	<u>The Group</u>	
	2022	2021
	\$m	\$m
Ordinary dividends paid:		
Final dividend of 60 cents (2021: 39 cents) tax-exempt per share paid in respect of prior financial year	1,005	653
Interim dividend of 60 cents (2021: 60 cents) tax-exempt per share paid in respect of the financial year	<u>1,005</u>	<u>1,006</u>

In respect of the financial year ended 31 December 2022, the directors have proposed a final tax-exempt dividend of 75 cents per ordinary share amounting to a total dividend of \$1,256 million.

5 Classification of Financial Assets and Financial Liabilities

In \$m	<u>The Group</u>					
	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	Total
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 Financial Statements for the financial year ended 31 December 2022

5 Classification of Financial Assets and Financial Liabilities (continued)

In \$m	The Group					Total
	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	
Dec-21						
Cash, balances and placements with central banks	3,078	-	-	5,316	28,164	36,558
Singapore Government treasury bills and securities	334	-	-	6,738	354	7,426
Other government treasury bills and securities	1,424	-	-	13,317	157	14,898
Trading securities	5,788	-	-	-	-	5,788
Placements and balances with banks	12,215	-	-	5,655	21,046	38,916
Loans to customers	3,772	-	-	80	302,861	306,713
Derivative financial assets	5,362	-	-	-	-	5,362
Investment securities						
Debt	-	45	-	18,627	6,946	25,618
Equity	-	1,174	-	2,276	-	3,450
Other assets	1,912	-	-	2	2,644	4,558
Total financial assets	33,885	1,219	-	52,011	362,172	449,287
Non-financial assets						10,036
Total assets						459,323
Deposits and balances of banks and customers	1,206	-	877	-	366,111	368,194
Bills and drafts payable	-	-	-	-	977	977
Derivative financial liabilities	5,172	-	-	-	-	5,172
Other liabilities	2,443	-	268	1	3,099	5,811
Debts issued	-	-	1,229	-	32,827	34,056
Total financial liabilities	8,821	-	2,374	1	403,014	414,210
Non-financial liabilities						2,252
Total liabilities						416,462

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Financial Statements for the financial year ended 31 December 2022

6 Fair Value of Financial Instruments

(a) Valuation methodology, processes and controls for the period ended 31 December 2022 remained largely similar to that applied in the audited financial statements for the year ended 31 December 2021.

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					
	Dec-22			Dec-21		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	1,615	2,495	-	3,576	4,818	-
Singapore Government treasury bills and securities	6,754	-	-	7,072	-	-
Other government treasury bills and securities	13,049	1,808	-	12,845	1,896	-
Trading securities	1,075	3,502	29	1,581	4,006	201
Placements and balances with banks	-	12,147	-	-	17,870	-
Loans to customers	-	2,798	-	-	3,852	-
Derivative financial assets	227	13,131	444	250	5,017	95
Investment securities						
Debt	2,618	17,515	1,620	1,247	16,243	1,182
Equity	985	-	1,776	1,370	-	2,080
Other assets	2,305	467	-	1,556	358	-
	28,628	53,863	3,869	29,497	54,060	3,558
Total financial assets carried at fair value			86,360			87,115
Deposits and balances of banks and customers	-	3,963	-	-	2,083	-
Derivative financial liabilities	223	15,761	234	205	4,916	51
Other liabilities	196	2,563	-	458	2,254	-
Debts issued	-	2,461	-	-	1,229	-
	419	24,748	234	663	10,482	51
Total financial liabilities carried at fair value			25,401			11,196

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Financial Statements for the financial year ended 31 December 2022

6 Fair Value of Financial Instruments (continued)

(c) The following table presents the changes in Level 3 instruments for the financial year 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)		Balance at 31 December
		Income Statement	Other comprehensive income						
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	
Dec 21									
Assets									
Trading securities	976	0	-	201	(976)	(0)	201	0	
Derivative financial assets	120	(25)	-	-	-	-	95	(25)	
Investment securities									
- debt	2,221	(7)	0	660	(1,534)	(158) ⁽¹⁾	1,182	(7)	
Investment securities									
- equity	1,911	105	11	151	(70)	(28)	2,080	105	
Liabilities									
Derivative financial liabilities	190	(139)	-	-	-	-	51	(139)	

(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 had been listed on 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 Financial Statements for the financial year ended 31 December 2022

7 Debts Issued

	The Group	
	Dec-22	Dec-21
	\$m	\$m
Unsecured		
Subordinated debts	6,221	5,333
Commercial papers	17,078	13,618
Fixed and floating rate notes	7,377	6,016
Others	2,461	1,234
Secured		
Covered bonds	7,456	7,855
Total	40,593	34,056
Due within 1 year	20,699	16,827
Due after 1 year	19,894	17,229
Total	40,593	34,056

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.

On 1 November 2022, the Group completed the acquisition of the Consumer Business for Malaysia and Thailand. The initial accounting and disclosures below have been prepared on a provisional basis based on a draft purchase price allocation prepared at the end of the reporting period. The completion accounts are still subject to review and agreement.

Goodwill of \$570 million has been recognised on a provisional basis, pending the finalisation of the completion accounts and purchase price allocation and intangible asset valuations, by first half of 2023. Goodwill is mainly attributable to the synergies expected to arise within the Group after acquisition. Other intangible assets relate to Citigroup Inc.'s consumer business customer relationships and core deposits.

In \$m	The Group	
	2022	
Loans to customers	7,514	
Other assets	476	
Total assets	7,990	
Deposits and balances of customers	4,297	
Other liabilities	1,078	
Total liabilities	5,375	
Net assets acquired	2,615	
Goodwill and other intangible assets	770	
Cost of acquisition	3,385	
Less: Cash and cash equivalents acquired	292	
Acquisition of consumer business, net of cash acquired	3,093	

The contribution to the Group's revenue and net profit from the consolidation of the acquired Consumer Business from 1 November 2022 to 31 December 2022 was not material.

Once the completion accounts are agreed, the completion adjustment amount will be paid. The purchase price allocation, the intangible asset valuations and goodwill relating to the acquisition, will be finalised.

The completion of acquisition in Indonesia and Vietnam is conditional on obtaining regulatory approvals relevant to each country and in Singapore. It is estimated that completion will take place in 2023, depending on the progress and outcome of the regulatory approval process.

The extract of the auditor's report dated 22 February 2023, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2022, is as follows:

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2022

Independent Auditor's Report to the Members of United Overseas Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group), set out on pages 10 to 100, which comprise the balance sheets of the Bank and the Group as at 31 December 2022, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2022

Areas of focus	How our audit addressed the risk factors
<p>Expected credit losses</p> <p><i>Refer to Notes 2(d)(vi), 3(i), 12, 21(b), 25, 27(b), 28(d), 30(b) and 31 to the consolidated financial statements.</i></p> <p>The Group applies SFRS(I) 9 Financial Instruments requirements to calculate the expected credit loss (ECL) for its credit exposures. The credit exposures are categorised into non-impaired credit exposures and impaired credit exposures.</p> <p><i>a) Non-impaired credit exposures</i></p> <p>The ECL calculation for non-impaired credit exposures involves significant judgements and estimates. Areas we have identified which have greater levels of management judgement are:</p> <ul style="list-style-type: none"> • the economic scenarios used, and the probability weightages applied to them to measure ECLs on a forward-looking basis, reflecting management's view of potential future economic scenarios; • the significant increase in credit risk (SICR) criteria; • the model assumptions; and • the adjustments to the model-driven ECL results to address model limitations or emerging trends. 	<p><i>a) Non-impaired credit exposures</i></p> <p>We assessed the design and evaluated the operating effectiveness of the key controls over the Group's ECL on non-impaired credit exposures computation processes with a focus on:</p> <ul style="list-style-type: none"> • the completeness and accuracy of the data inputs into the ECL calculation system; • the validation of models; • the selection and implementation of economic scenarios and probabilities; • the staging of credit exposures based on the Group's SICR criteria and early warning indicators; and • the governance over post model adjustments, including the effect of the acquired Citibank consumer banking businesses. <p>We involved our internal modelling specialists to assist us in performing the following procedures on a sampling basis:</p> <ul style="list-style-type: none"> • independently reviewed the appropriateness of ECL model methodologies; • assessed the reasonableness of the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) models by performing sensitivity analyses, benchmarking or back-testing; and • reviewed the Group's assessment of its SICR criteria. <p>We also reviewed the Group's approach for the selection of economic scenario to assess the reasonableness of the economic scenarios and corresponding weightages applied by the Group, as well as inspected the Group's SFRS(I) 9 Working Group decisions to assess the appropriateness of management's rationale over the post model adjustments and performed a recalculation, where applicable.</p>

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2022

Areas of focus	How our audit addressed the risk factors
<p><i>b) Impaired credit exposures</i></p> <p>As at 31 December 2022, the Stage 3 ECL for impaired credit exposures of the Group was \$1,755 million, out of which 80% pertained to the Group Wholesale Banking (GWB) portfolio.</p> <p>We focused on the Stage 3 ECL for the GWB portfolio as the identification and estimation of impairment within this portfolio can be inherently subjective and requires significant judgements.</p>	<p><i>b) Impaired credit exposures</i></p> <p>We assessed the design and evaluated the operating effectiveness of the key controls over the Stage 3 ECL estimation process for the GWB portfolio. These controls included:</p> <ul style="list-style-type: none"> • collateral valuation and monitoring; • identification of impairment indicators; and • MAS Notice 612 credit grading. <p>We considered the magnitude of the credit exposures, macroeconomic factors and industry trends in our audit sampling to focus on customers that were assessed to be of higher risk and for our selected sample of impaired loans, we performed the following procedures:</p> <ul style="list-style-type: none"> • assessed management's forecast of recoverable cash flows, including the basis for the amounts and timing of recoveries. Where possible, we compared key assumptions to external evidence, e.g. independent valuation reports of the collaterals; considered and corroborated the borrowers' latest developments through adverse news search and/or publicly available information; • checked that underlying data was accurate by agreeing to source documents such as loan agreements; and • tested the calculations. <p>Overall, the results of our evaluation of the Group's ECL were within a reasonable range of expectations.</p>

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2022

Areas of focus	How our audit addressed the risk factors
<p>Valuation of illiquid or complex financial instruments <i>Refer to Notes 2(d)(ii), 3(ii) and 19(b) to the consolidated financial statements.</i></p> <p>At 31 December 2022, 4% (\$4 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3.</p> <p>The Level 3 instruments mainly comprised unquoted equity investments and funds, long dated equity derivatives, callable interest rate swaps and unquoted debt securities.</p> <p>The valuation of Level 3 financial instruments was a key area of focus of our audit due to their financial significance to the Group as well as its susceptibility to a higher degree of estimation uncertainty. The determination of certain Level 3 prices is considerably more subjective as it may require the exercise of judgement by management or the use of complex models and assumptions given the lack of availability of market-based data.</p>	<p>We assessed the design and evaluated the operating effectiveness of the key controls over the Group's Level 3 financial instruments valuation processes. These controls included:</p> <ul style="list-style-type: none"> • model validation and approval; • observability, completeness and accuracy of pricing inputs; • independent price verification; and • monitoring of collateral disputes. <p>In addition, with the assistance of our internal valuation specialists, we assessed the reasonableness of the valuation methodologies, assumptions and inputs used by management for a sample of financial instruments with significant unobservable inputs.</p> <p>The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.</p>
<p>Impairment of goodwill <i>Refer to Notes 2(i), 3(iii) and 37 to the consolidated financial statements.</i></p> <p>As at 31 December 2022, the Group's balance sheet included goodwill of \$5 billion. The goodwill is allocated to the respective CGUs defined by the Group's operating segments.</p> <p>This was a key area of focus for our audit because the goodwill impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgement and assumptions about the future cash flows of the CGUs and the discount rates applied.</p>	<p>We focused on CGUs with a low headroom or significantly reduced headroom. Our work included the following:</p> <ul style="list-style-type: none"> • reviewed the appropriateness of the CGU segmentation and goodwill allocation to the CGUs; • evaluated the forecasting process by reviewing historical achievement of projections; • assessed the reasonableness of key assumptions used in the forecasts, including the continued uncertainty of the future macroeconomic environment; • compared the long-term growth rates and discount rates used by management to our ranges, which were determined using external market data and calculations performed by our internal valuation specialists; and • performed sensitivity analyses to determine the impact of a reasonably possible change in the key assumptions to the VIU calculations to identify any CGU with a risk of impairment. <p>Based on the results of our audit procedures, the assumptions used by management in its goodwill impairment tests were within a reasonable range of expectations.</p>

United Overseas Bank Limited and Its Subsidiaries
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Other Information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2022

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Wilson Woo Siew Wah.



ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

22 February 2023