United Overseas Bank Limited

Head Office
80 Raffles Place UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6534 2334
uobgroup.com

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 2023

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

Dividends for the Second Half Ended 31 December 2023
Ordinary share dividend

The Directors recommend the payment of a final tax-exempt dividend of 85 cents (2022: final dividend of 75 cents) per ordinary share for the financial year ended 31 December 2023. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 18 April 2024.

Together with the interim tax-exempt dividend of 85 cents per ordinary share (2022: 60 cents) paid in August 2023, the total net dividends for the financial year ended 31 December 2023 will be S$1.70 (2022: S$1.35) per ordinary share amounting to S$2,844 million (2022: S$2,263 million). The dividends will be paid in cash on 9 May 2024. 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 29 April 2024, 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 26 April 2024 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 26 April 2024 ("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 2023 to be false or misleading in any material aspect.

Undertakings from Directors and Executive Officers

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

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	71	Son of the late 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

Jeffrey Beh / Theresa Sim
Company Secretaries

Dated this 22nd day of February 2024

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 2023

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

Contents

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

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

Financial Highlights

	2023	2022	+/(-)	2H23	2H22	+/(-)	1H23	+/(-)
			%			%		%
Selected income statement items ($m)								
Net interest income	**9,679**	8,343	16	**4,833**	4,794	1	4,846	(0)
Net fee and commission income	**2,235**	2,143	4	**1,159**	1,004	15	1,075	8
Other non-interest income	**2,018**	1,089	85	**875**	716	22	1,144	(24)
Total income	**13,932**	11,575	20	**6,867**	6,514	5	7,065	(3)
Less: Operating expenses	**5,778**	5,016	15	**2,889**	2,775	4	2,889	0
Operating profit	**8,154**	6,559	24	**3,978**	3,739	6	4,177	(5)
Less: Amortisation of intangible assets	**24**	3	>100	**14**	3	>100	10	36
Allowance for credit and other losses	**921**	603	53	**387**	288	34	534	(27)
Add: Share of profit of associates and joint ventures	**93**	97	(5)	**42**	46	(9)	51	(18)
Net profit before tax	**7,303**	6,050	21	**3,619**	3,494	4	3,684	(2)
Less: Tax and non-controlling interests	**1,242**	1,231	1	**642**	693	(7)	600	7
Core net profit	**6,060**	4,819	26	**2,976**	2,801	6	3,084	(3)
Less: One-off expenses								
Citi integration costs (net of tax)	**350**	70	>100	**191**	70	>100	159	20
Stamp duty paid	**-**	176	NM	**-**	176	NM	-	-
Net profit (including one-off expenses) [1]	**5,711**	4,573	25	**2,786**	2,555	9	2,925	(5)
Selected balance sheet items ($m)								
Gross customer loans	**321,150**	319,663	0	**321,150**	319,663	0	318,979	1
Customer deposits	**385,469**	368,553	5	**385,469**	368,553	5	376,762	2
Total assets	**523,520**	504,260	4	**523,520**	504,260	4	505,563	4
Shareholders' equity [1]	**46,226**	43,366	7	**46,226**	43,366	7	45,689	1
Key financial ratios (%)								
Net interest margin [2]	**2.09**	1.86		**2.05**	2.08		2.13	
Non-interest income/Total income	**30.5**	27.9		**29.6**	26.4		31.4	
Cost/Income ratio [3]	**41.5**	43.3		**42.1**	42.6		40.9	
Overseas profit before tax contribution [3]	**36.1**	36.7		**39.9**	36.6		32.3	
Credit costs on loans (bp) [2]								
General	**-**	(2)		**(5)**	(4)		4	
Specific	**25**	22		**27**	23		23	
Total	**25**	20		**22**	19		27	
NPL ratio [4]	**1.5**	1.6		**1.5**	1.6		1.6	

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

Financial Highlights *(cont'd)*

	2023	2022	**2H23**	2H22	1H23
Key financial ratios (%) *(cont'd)*					
Return on average ordinary shareholders' equity [1,2,3]	**14.2**	11.9	**13.9**	13.9	14.5
Return on average total assets [1,3]	**1.19**	0.99	**1.16**	1.12	1.22
Return on average risk-weighted assets [1,3]	**2.29**	1.83	**2.20**	2.14	2.38
Loan/Deposit ratio [4]	**82.2**	85.6	**82.2**	85.6	83.5
Liquidity coverage ratios ("LCR") [5,9]					
All-currency	**158**	140	**155**	145	160
Singapore Dollar	**401**	280	**464**	254	336
Net stable funding ratio ("NSFR") [6,9]	**120**	116	**120**	116	121
Capital adequacy ratios					
Common Equity Tier 1	**13.4**	13.3	**13.4**	13.3	13.6
Tier 1	**14.4**	14.4	**14.4**	14.4	15.0
Total	**16.6**	16.7	**16.6**	16.7	17.3
Leverage ratio [7]	**6.9**	6.6	**6.9**	6.6	7.0
Earnings per ordinary share ($) [1,2]					
Basic	**3.34**	2.69	**3.26**	3.15	3.42
Diluted	**3.33**	2.68	**3.25**	3.14	3.41
Net asset value ("NAV") per ordinary share ($) [8]	**26.00**	24.24	**26.00**	24.24	25.11
Revalued NAV per ordinary share ($) [8]	**29.18**	27.39	**29.18**	27.39	28.26

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

Performance Review

FY23 versus FY22

Core net profit for FY23 grew 26% to a record $6.1 billion from a year ago, driven by strong net interest income and trading and investment income. Including one-off expenses relating to the acquisition of Citigroup's consumer business ("Citi"), net profit was $5.7 billion.

Net interest income rose 16% to $9.7 billion. Net interest margin increased 23 basis points to 2.09% from higher interest rates and loan growth of 2% in constant-currency terms.

Net fee income was $2.2 billion, up 4% as credit card fees surged 66% to a new high of $382 million, underscored by higher customer spending and expanded regional franchise, as well as higher wealth fees. This was partly offset by softer loan-related fees amid cautious corporate sentiment.

Compared to a year ago, other non-interest income doubled to $2.0 billion, driven by all-time high customer-related treasury income and strong performance from trading and liquidity management activities.

Core operating expenses rose 15% to $5.8 billion. The broad-based expense growth to support strategic initiatives was outpaced by income growth, and cost-to-income ratio improved by 1.8% points to 41.5%.

Total allowance was $921 million due to higher specific allowance on a few non-systemic corporate accounts, as well as pre-emptive general allowance set aside during the year.

2H23 versus 2H22

Compared with the second half of last year, core net profit increased 6% to $3.0 billion. Including the impact from one-off expenses, net profit was 9% higher at $2.8 billion. Net interest income was relatively unchanged at $4.8 billion.

Net fee income was 15% higher, driven by strong growth in credit card fees backed by an enlarged franchise, higher loans-related fees and recovery of wealth management fees. Other non-interest income surged to $875 million on higher customer-related treasury income and strong performance from trading and liquidity management activities.

Cost-to-income ratio improved from 42.6% to 42.1%, excluding one-off expenses. Total allowance increased 34%, largely due to higher specific allowance on a few non-systemic accounts and as well as pre-emptive general allowance set aside.

2H23 versus 1H23

2H23 net profit excluding one-off expenses was 3% lower at $3.0 billion on lower trading and investment income, partially cushioned by lower allowance.

Net interest income was stable at $4.8 billion. Net interest margin moderated to 2.05% mainly from loan margin compression due to competition for high quality credits. Net fee income was 8% higher, powered by strong loan-related fees. Credit card fees continued strong momentum to register a new high, boosted by holiday card spending. Other non-interest income normalised to $875 million following strong performance from trading and liquidity management activities in 1H23.

Total core operating expenses remained unchanged at $2.9 billion, with the cost-to-income ratio at 42.1%. Total allowance reduced by 27% to $387 million, as pre-emptive general allowance was prudently set aside earlier in the year.

Asset Quality

Asset quality remained stable with NPL ratio at 1.5% as of 31 December 2023. New NPA formation was more than offset by recoveries and write-offs. The non-performing assets coverage stood at 101% or 209% after taking collateral into account. Performing loans coverage was maintained at a prudent level of 0.9%.

Capital, Funding and Liquidity Positions

The Group’s capital position strengthened from a year ago with Common Equity Tier 1 Capital Adequacy Ratio improving to 13.4% as at 31 December 2023. Leverage ratio of 6.9% was comfortably above the regulatory requirement.

Liquidity remained ample with 2H23's average all-currency liquidity coverage ratio at 155% and net stable funding ratio at 120%, both well above regulatory requirements. The loan-to-deposit ratio was healthy at 82.2%.

Net Interest Income

Net interest margin

	2023			2022		
	Average balance	**Interest**	**Average rate**	Average balance	Interest	Average rate
	$m	**$m**	**%**	$m	$m	%
Interest bearing assets						
Customer loans	**312,982**	**16,529**	**5.28**	316,578	10,150	3.21
Interbank balances	**73,280**	**3,163**	**4.32**	68,249	1,367	2.00
Securities	**76,731**	**2,550**	**3.32**	63,613	1,345	2.11
Total	**462,994**	**22,242**	**4.80**	448,440	12,862	2.87
Interest bearing liabilities						
Customer deposits	**377,338**	**10,103**	**2.68**	362,803	3,450	0.95
Interbank balances/others	**56,797**	**2,460**	**4.33**	59,976	1,069	1.78
Total	**434,135**	**12,563**	**2.89**	422,778	4,519	1.07
Net interest margin [1]			**2.09**			1.86

	2H23			2H22			1H23		
	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	**313,772**	**8,598**	**5.44**	317,478	6,265	3.91	312,180	7,931	5.12
Interbank balances	**71,854**	**1,601**	**4.42**	70,185	1,038	2.93	74,730	1,562	4.22
Securities	**81,759**	**1,440**	**3.49**	69,036	881	2.53	71,620	1,109	3.12
Total	**467,384**	**11,639**	**4.94**	456,699	8,184	3.55	458,531	10,603	4.66
Interest bearing liabilities									
Customer deposits	**379,400**	**5,428**	**2.84**	365,145	2,519	1.37	375,241	4,674	2.51
Interbank balances/others	**59,305**	**1,378**	**4.61**	64,266	871	2.69	54,248	1,083	4.03
Total	**438,706**	**6,806**	**3.08**	429,411	3,390	1.57	429,489	5,757	2.70
Net interest margin [1]			**2.05**			2.08			2.13

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

	2023 vs 2022		
	Volume change	Rate change	Net change
	$m	$m	$m
Interest income			
Customer loans	(115)	6,495	6,379
Interbank balances	101	1,695	1,796
Securities	277	928	1,205
Total	263	9,117	9,380
Interest expense			
Customer deposits	138	6,514	6,653
Interbank balances/others	(57)	1,448	1,391
Total	82	7,962	8,044
Change in number of days	-	-	-
Net interest income	181	1,155	1,336

	2H23 vs 2H22			2H23 vs 1H23		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	$m	$m	$m	$m	$m	$m
Interest income						
Customer loans	(73)	2,406	2,333	40	486	527
Interbank balances	25	539	563	(60)	73	12
Securities	162	397	559	157	150	307
Total	114	3,341	3,455	137	709	846
Interest expense						
Customer deposits	98	2,811	2,909	52	614	666
Interbank balances/others	(67)	574	507	101	171	272
Total	31	3,385	3,416	153	785	938
Change in number of days	-	-	-	-	-	79
Net interest income	83	(44)	39	(15)	(77)	(13)

Net interest income for 2023 rose 16% to $9.7 billion against last year. This was led by robust net interest margin expansion of 23 basis points to 2.09% on rising interest rates and steady loan growth of 2% in constant-currency terms.

Compared with 2H22 and 1H23, net interest income was relatively unchanged at $4.8 billion.

Non-Interest Income

	2023	2022	+/(-)	2H23	2H22	+/(-)	1H23	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Net fee and commission income								
Credit card [1]	**940**	628	50	**514**	361	43	426	21
Fund management [4]	**203**	222	(9)	**93**	107	(13)	110	(15)
Wealth management [4]	**595**	573	4	**297**	256	16	298	(0)
Loan-related [2]	**644**	695	(7)	**335**	300	12	308	9
Service charges [4]	**144**	141	2	**71**	70	1	72	(1)
Trade-related [3]	**307**	326	(6)	**152**	162	(7)	156	(3)
Others [4]	**6**	10	(36)	**3**	4	(6)	4	(2)
	2,839	2,595	9	**1,465**	1,260	16	1,373	7
Less: Fee and commission expenses	**604**	452	34	**306**	256	20	298	3
	2,235	2,143	4	**1,159**	1,004	15	1,075	8
Other non-interest income								
Net trading income	**1,600**	1,064	50	**766**	748	2	834	(8)
Net gain/(loss) from investment securities	**90**	(235)	>100	**(29)**	(176)	83	119	(>100)
Dividend income	**50**	40	26	**15**	14	8	35	(58)
Rental income	**99**	110	(10)	**50**	56	(12)	49	1
Other income	**179**	110	64	**73**	74	(1)	107	(32)
	2,018	1,089	85	**875**	716	22	1,144	(24)
Total	**4,253**	3,232	32	**2,034**	1,720	18	2,219	(8)

Net fee income was $2.2 billion, up 4% driven by record high credit card fees, underscored by higher customer spending and expanded regional franchise, as well as higher wealth fees. This was partly offset by softer loan-related fees amid cautious corporate sentiment. Other non-interest income doubled to $2.0 billion, driven by all-time high customer-related treasury income and strong performance from trading and liquidity management activities.

Against the second half of last year, net fee and commission income was 15% higher driven by strong growth in credit card fees backed by an enlarged franchise, coupled with recovery of wealth management and loan-related fees. Other non-interest income rose 22% to $875 million on higher customer-related treasury income and improved performance from trading and liquidity management activities.

Compared with 1H23, net fee and commission income increased 8% largely due to higher card fees and loan-related fees. Other non-interest income normalised to $875 million following strong performance from trading and liquidity management activities in 1H23.

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 2023, wealth-related income previously reported under fund management, services charges and others has been reclassified to wealth management income to better align to market practice. Comparatives have been restated accordingly.

Operating Expenses

	2023	2022	+/(-)	**2H23**	2H22	+/(-)	1H23	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Staff costs	**3,553**	3,001	18	**1,816**	1,678	8	1,737	5
Other operating expenses								
Revenue-related	**1,027**	729	41	**511**	436	17	516	(1)
IT-related	**1,006**	770	31	**509**	413	23	497	2
Occupancy-related	**363**	319	14	**188**	163	15	175	7
Others	**268**	462	(42)	**106**	350	(70)	162	(34)
	2,664	2,280	17	**1,314**	1,362	(4)	1,350	(3)
Total	**6,217**	5,281	18	**3,130**	3,040	3	3,087	1
Of which,								
Depreciation of assets	**597**	**534**	12	**308**	285	8	289	7
One-off expenses								
- Citi integration cost	**440**	89	>100	**241**	89	>100	198	21
- Stamp duty paid	**-**	176	NM	**-**	176	NM	-	-
Employees (number)	**32,338**	28,661	13	**32,338**	28,661	13	30,306	7

Full year 2023 total operating expenses at $6.2 billion included one-off costs of $440 million related to the Citi acquisition. Total core operating expenses rose 15% to $5.8 billion. The broad-based expense growth to support strategic initiatives was outpaced by income growth, and core cost-to-income ratio improved by 1.8% points to 41.5%.

Total operating expenses in 2H23 was relatively stable from the first half and a slight increase from the second half of last year, as ongoing investments kept pace with income growth.

Allowance for Credit and Other Losses

	2023	2022	+/(-)	2H23	2H22	+/(-)	1H23	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
General allowance [1]	**111**	(154)	>100	**(67)**	(157)	57	178	(>100)
Specific allowance [2]								
Specific allowance on loans [3]	**807**	694	16	**441**	380	16	366	20
Singapore	**152**	75	>100	**63**	49	28	90	(30)
Malaysia	**78**	259	(70)	**28**	171	(84)	50	(44)
Thailand	**306**	141	>100	**132**	118	12	174	(24)
Indonesia	**43**	105	(59)	**72**	57	25	(28)	>100
Greater China [4]	**102**	100	2	**74**	(35)	>100	27	>100
Others	**126**	14	>100	**72**	20	>100	53	37
Specific allowance on securities and others	**3**	**63**	(95)	**13**	65	(80)	(10)	>100
Total	**921**	603	53	**387**	288	34	534	(28)

Total allowance for 2023 was $921 million due to pre-emptive general allowance set aside during the year as well as higher specific allowance on a few non-systemic corporate accounts.

Compared with the same period last year, total allowance for 2H23 increased 34% to $387 million, largely attributed to higher general allowance.

Against 1H23, total allowance fell 28% as pre-emptive general allowance was set aside in earlier half of the year.

Notes:

1 General allowance refers to Expected Credit Loss Stage 1 and Stage 2 under SFRS(I) 9.

2 Specific allowance refers to Expected Credit Loss Stage 3 and Expected Credit Loss on purchased or originated credit-impaired financial assets under SFRS(I) 9.

3 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.

4 Comprise Mainland China, Hong Kong SAR and Taiwan.

Customer Loans

	Dec-23	Jun-23	Dec-22
	$m	$m	$m
Gross customer loans	**321,150**	318,979	319,663
Less: General allowance	**2,585**	2,665	2,588
Specific allowance	**1,560**	1,664	1,720
Net customer loans	**317,005**	314,650	315,355
By industry			
Transport, storage and communication	**14,175**	14,275	14,482
Building and construction	**86,658**	87,425	87,178
Manufacturing	**21,451**	24,271	22,123
Financial institutions, investment and holding companies	**40,456**	39,015	37,949
General commerce	**32,857**	35,107	36,530
Professionals and private individuals	**29,294**	28,299	28,970
Housing loans	**77,629**	75,669	76,807
Others	**18,630**	14,918	15,624
Total (gross)	**321,150**	318,979	319,663
By currency			
Singapore Dollar	**139,031**	135,678	138,553
US Dollar	**56,940**	62,174	62,212
Malaysian Ringgit	**29,155**	29,091	30,645
Thai Baht	**23,868**	22,502	22,223
Indonesian Rupiah	**5,514**	5,583	5,653
Others	**66,642**	63,951	60,377
Total (gross)	**321,150**	318,979	319,663
By maturity			
Within 1 year	**135,577**	132,085	129,858
Over 1 year but within 3 years	**67,374**	69,369	69,172
Over 3 years but within 5 years	**28,231**	29,022	31,470
Over 5 years	**89,968**	88,503	89,163
Total (gross)	**321,150**	318,979	319,663
By geography [1]			
Singapore	**157,903**	156,103	160,426
Malaysia	**31,692**	31,931	33,274
Thailand	**25,364**	23,673	23,488
Indonesia	**9,670**	9,701	10,043
Greater China	**49,177**	51,641	48,623
Others	**47,344**	45,930	43,809
Total (gross)	**321,150**	318,979	319,663

As at 31 December 2023, gross loans grew 2% from a year ago and 1% on constant-currency basis.

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.

Non-Performing Assets

	Dec-23	Jun-23	Dec-22
	$m	$m	$m
Loans ("NPL")	**4,870**	5,102	5,060
Debt securities and others	**76**	90	67
Non-performing assets ("NPA")	**4,946**	5,192	5,127
By grading			
Substandard	**3,193**	3,405	3,217
Doubtful	**936**	775	812
Loss	**817**	1,012	1,098
Total	**4,946**	5,192	5,127
By security			
Secured by collateral type:			
Properties	**2,415**	2,580	2,543
Shares and debentures	**4**	3	4
Fixed deposits	**9**	13	8
Others [1]	**138**	142	161
	2,566	2,738	2,716
Unsecured	**2,380**	2,454	2,411
Total	**4,946**	5,192	5,127
By ageing			
Current	**983**	1,131	978
Within 90 days	**400**	559	817
Over 90 to 180 days	**679**	603	476
Over 180 days	**2,884**	2,899	2,856
Total	**4,946**	5,192	5,127
Total allowance			
General	**3,007**	3,058	2,868
Specific	**1,590**	1,697	1,755
Total	**4,597**	4,755	4,623

	NPL	**NPL ratio**	NPL	NPL ratio	NPL	NPL ratio
	$m	**%**	$m	%	$m	%
NPL by industry						
Transport, storage and communication	**224**	**1.6**	252	1.8	402	2.8
Building and construction	**1,477**	**1.7**	1,400	1.6	1,145	1.3
Manufacturing	**733**	**3.4**	882	3.6	840	3.8
Financial institutions, investment and holding companies	**160**	**0.4**	187	0.5	51	0.1
General commerce	**642**	**2.0**	776	2.2	876	2.4
Professionals and private individuals	**337**	**1.2**	318	1.1	348	1.2
Housing loans	**849**	**1.1**	840	1.1	922	1.2
Others	**448**	**2.4**	447	3.0	476	3.0
Total	**4,870**	**1.5**	5,102	1.6	5,060	1.6

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-23	**1,360**	**0.9**	**431**	**32**
Jun-23	1,391	0.9	390	28
Dec-22	1,570	1.0	492	31
Malaysia				
Dec-23	**1,100**	**3.5**	**374**	**34**
Jun-23	1,162	3.6	391	34
Dec-22	1,228	3.7	427	35
Thailand				
Dec-23	**823**	**3.2**	**301**	**37**
Jun-23	846	3.6	336	40
Dec-22	830	3.5	281	34
Indonesia				
Dec-23	**468**	**4.8**	**154**	**33**
Jun-23	610	6.3	219	36
Dec-22	614	6.1	227	37
Greater China				
Dec-23	**546**	**1.1**	**154**	**28**
Jun-23	610	1.2	218	36
Dec-22	456	0.9	200	44
Others				
Dec-23	**573**	**1.2**	**146**	**26**
Jun-23	483	1.1	110	23
Dec-22	362	0.8	93	26
Group NPL				
Dec-23	**4,870**	**1.5**	**1,560**	**32**
Jun-23	5,102	1.6	1,664	33
Dec-22	5,060	1.6	1,720	34
Group NPA				
Dec-23	**4,946**		**1,590**	**32**
Jun-23	5,192		1,697	33
Dec-22	5,127		1,755	34

	Total allowance	
	NPA [2]	**as a % of unsecured NPA** [2]
Group	**%**	**%**
Dec-23	**101**	**209**
Jun-23	99	209
Dec-22	98	207

The Group's overall credit portfolio remained healthy with NPL ratio at 1.5% as at 31 December 2023.

The non-performing assets coverage stood at 101% or 209% after taking collateral into account. Performing loans coverage was maintained at a prudent level of 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.

Customer Deposits

	Dec-23	Jun-23	Dec-22
	$m	$m	$m
By product			
Fixed deposits	**180,019**	180,634	175,965
Savings deposits	**98,689**	90,032	88,979
Current accounts	**89,949**	89,179	86,152
Others	**16,812**	16,917	17,457
Total	**385,469**	376,762	368,553
By maturity			
Within 1 year	**377,098**	373,714	362,830
Over 1 year but within 3 years	**7,384**	2,123	4,769
Over 3 years but within 5 years	**607**	553	561
Over 5 years	**380**	372	393
Total	**385,469**	376,762	368,553
By currency			
Singapore Dollar	**180,139**	177,676	164,006
US Dollar	**99,661**	97,665	102,568
Malaysian Ringgit	**31,432**	31,108	31,254
Thai Baht	**25,628**	23,882	24,758
Indonesian Rupiah	**6,713**	6,583	6,096
Others	**41,896**	39,848	39,871
Total	**385,469**	376,762	368,553
Group Loan/Deposit ratio (%)	**82.2**	83.5	85.6
Singapore Dollar Loan/Deposit ratio (%)	**76.4**	75.6	83.6
US Dollar Loan/Deposit ratio (%)	**56.5**	62.9	60.0

Customer deposits grew 5% from a year ago and 2% from first half to $385 billion alongside improved CASA ratio at 48.9%.

As at 31 December 2023, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 82.2% and 76.4% respectively.

Performance by Business Segment [1]

Selected income statement items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
2023					
Net interest income	**4,080**	**5,493**	**(511)**	**617**	**9,679**
Non-interest income	**1,423**	**1,581**	**925**	**324**	**4,253**
Operating income	**5,503**	**7,074**	**414**	**941**	**13,932**
Operating expenses	**(2,838)**	**(1,681)**	**(261)**	**(1,437)**	**(6,217)**
Amortisation of intangible assets	**(24)**	**-**	**-**	**-**	**(24)**
(Allowance for)/Write-back of credit and other losses	**(302)**	**(850)**	**(21)**	**252**	**(921)**
Share of profit/(loss) of associates and joint ventures	**(2)**	**1**	**-**	**94**	**93**
Profit/(Loss) before tax	**2,337**	**4,544**	**132**	**(150)**	**6,863**
Tax					**(1,138)**
Profit for the financial year					**5,725**
Other information:					
Additions to fixed assets	**47**	**49**	**0**	**914**	**1,010**
Depreciation of assets	**64**	**48**	**12**	**473**	**597**
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/(loss) of associates and joint ventures	-	26	-	71	97
Profit/(Loss) before tax	1,738	4,559	311	(823)	5,785
Tax					(1,202)
Profit for the financial year					4,583
Other information:					
Additions to fixed assets	40	48	1	813	902
Depreciation of assets	64	45	12	413	534

Note:
1 Comparative segment information for prior periods has been adjusted for changes in organisational structure, if any.

Performance by Business Segment [1] *(cont'd)*

Selected income statement items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
2H23					
Net interest income	**2,041**	**2,724**	**(238)**	**306**	**4,833**
Non-interest income	**751**	**780**	**383**	**120**	**2,034**
Operating income	**2,792**	**3,504**	**145**	**426**	**6,867**
Operating expenses	**(1,458)**	**(899)**	**(136)**	**(637)**	**(3,130)**
Amortisation of intangible assets	**(14)**	**-**	**-**	**-**	**(14)**
(Allowance for)/Write-back of credit and other losses	**(159)**	**(141)**	**(6)**	**(81)**	**(387)**
Share of profit/(loss) of associates and joint ventures	**(1)**	**(1)**	**-**	**44**	**42**
Profit/(Loss) before tax	**1,160**	**2,463**	**3**	**(248)**	**3,378**
Tax					**(585)**
Profit for the financial period					**2,793**
Other information:					
Additions to fixed assets	**24**	**20**	**0**	**496**	**540**
Depreciation of assets	**32**	**24**	**6**	**246**	**308**
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/(loss) of associates and joint ventures	-	(1)	-	47	46
Profit/(Loss) before tax	934	2,511	88	(304)	3,229
Tax					(666)
Profit for the financial period					2,563
Other information:					
Additions to fixed assets	24	19	0	576	619
Depreciation of assets	32	25	6	222	285
1H23					
Net interest income	2,039	2,769	(273)	311	4,846
Non-interest income	672	801	543	203	2,219
Operating income	2,711	3,570	270	514	7,065
Operating expenses	(1,380)	(783)	(126)	(798)	(3,087)
Amortisation of intangible assets	(10)	-	-	-	(10)
(Allowance for)/Write-back of credit and other losses	(143)	(710)	(15)	334	(534)
Share of profit/(loss) of associates and joint ventures	(1)	2	-	50	51
Profit/(Loss) before tax	1,177	2,079	129	100	3,485
Tax					(553)
Profit for the financial period					2,932
Other information:					
Additions to fixed assets	23	29	0	418	470
Depreciation of assets	32	23	6	228	289

Note:
1 Comparative segment information for prior periods has been adjusted for changes in organisational structure, if any.

Performance by Business Segment [1] *(cont'd)*

Selected balance sheet items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
At 31 December 2023					
Segment assets	**109,875**	**231,274**	**172,876**	**3,245**	**517,270**
Intangible assets	**2,019**	**2,221**	**657**	**87**	**4,984**
Investment in associates and joint ventures	**1**	**208**	**-**	**1,057**	**1,266**
Total assets	**111,895**	**233,703**	**173,533**	**4,389**	**523,520**
Segment liabilities	**193,425**	**196,567**	**67,635**	**19,425**	**477,052**
Other information:					
Gross customer loans	**109,344**	**210,000**	**1,712**	**94**	**321,150**
Non-performing assets	**1,138**	**3,566**	**22**	**220**	**4,946**
At 30 June 2023					
Segment assets	106,891	227,989	162,317	2,213	499,410
Intangible assets	1,921	2,225	658	87	4,891
Investment in associates and joint ventures	1	210	-	1,051	1,262
Total assets	108,813	230,424	162,975	3,351	505,563
Segment liabilities	186,109	197,273	57,108	19,143	459,633
Other information:					
Gross customer loans	106,548	211,850	577	4	318,979
Non-performing assets	1,078	3,845	24	245	5,192
At 31 December 2022					
Segment assets	108,397	230,398	158,322	985	498,102
Intangible assets	1,934	2,222	657	87	4,900
Investment in associates and joint ventures	8	206	-	1,044	1,258
Total assets	110,339	232,826	158,979	2,116	504,260
Segment liabilities	173,161	203,225	68,309	15,959	460,654
Other information:					
Gross customer loans	108,241	210,650	736	36	319,663
Non-performing assets	1,165	3,685	25	252	5,127

Note:
1 Comparative segment information for prior periods has been adjusted for changes in organisational structure, if any.

Performance by Business Segment [1] *(cont'd)*

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

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

Group Retail ("GR")
GR segment covers individual customers.

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

Profit before tax rose 34% year on year and hit a new high of $2.3 billion in 2023, reaping benefits of an expanded regional franchise and improved customer value propositions. Excluding one-off costs associated with the Citi acquisition, core profit before tax would have registered a 39% growth. Total income surged 36% and reached new heights of $5.5 billion, fuelled by diverse drivers of Citi franchise addition and wider margin, while healthy deposit growth and record card fees were supported by targeted marketing campaigns. Sustained net new monies drove the growth of wealth AUM of 14% to $176 billion but the pickup in wealth income was slower amid cautious appetite and high interest rates. Core operating expenses grew 22%, primarily from people and technology-related investments, coupled with higher revenue-related spend to support an enlarged customer base and healthy business activities. Allowance for credit and other losses reflected a structural lift from inclusion of Citi's unsecured portfolio.

2H23 profit before tax improved 24% from a year ago to $1.2 billion, benefitting from margin lift, stronger momentum in card and wealth income. This was partly moderated by higher expenses and credit costs. Against 1H23, profit before tax was relatively stable.

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

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

Against last year, profit before tax was relatively stable at $4.5 billion in 2023 with quality franchise growth helping to cushion additional pre-emptive provisions ahead of growing macro uncertainties. Total income soared 14% to cross the $7 billion mark, bolstered by sustained margin expansion and record investment banking fees, moderating the impact of subdued credit demand and loan repayments amid high borrowing costs. Expenses increased 9% to $1.7 billion on the back of ongoing investments in people, product and technology capabilities to support franchise ambitions, while the lift in allowance for credit and other losses was largely due to the shoring-up of general allowance amid uncertainties in the economic outlook.

Second half profit before tax eased 2% from a year ago to $2.5 billion mainly from further general allowance set aside in anticipation of continued softness in the economic outlook. Against 1H23, profit before tax rebounded 18% as the bulk of pre-emptive general allowance was prudently set aside earlier in the year.

Global Markets ("GM")
GM provides a comprehensive suite of treasury products and services across multi-asset classes which include 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 for 2023 stood at $132 million as trading and investment income, which more than doubled year on year from commodities trading opportunities and liquidity management activities, was tempered by rising cost of funds.

Compared with 2H22, profit before tax receded to $3 million mainly attributable to higher funding costs, partially cushioned by favourable commodities trading and liquidity management. Against 1H23, the decline in profit before tax was largely due to softer investment gains, partly offset by higher foreign exchange trading.

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

Loss before tax for 2023 narrowed to $150 million due to reversal of general allowance and receding valuation headwinds, along with higher income from central treasury activities.

Compared with a year ago, 2H23 loss before tax reduced to $248 million largely from lower general allowance and operating expenses which cushioned softer results from central treasury activities, while the swing from profit before tax in 1H23 was primarily due to movement in general allowance.

Performance by Geographical Segment [1]

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	$m	$m	$m	$m	$m	$m	$m
2023							
Net interest income	**5,615**	**917**	**1,159**	**453**	**538**	**997**	**9,679**
Non-interest income	**2,286**	**553**	**375**	**161**	**550**	**328**	**4,253**
Operating income	**7,901**	**1,470**	**1,534**	**614**	**1,088**	**1,325**	**13,932**
Operating expenses	**(3,271)**	**(756)**	**(997)**	**(483)**	**(445)**	**(265)**	**(6,217)**
Amortisation of intangible assets	**-**	**(4)**	**(17)**	**(0)**	**-**	**(3)**	**(24)**
(Allowance for)/Write-back of credit and other losses	**(86)**	**(98)**	**(356)**	**(52)**	**(232)**	**(97)**	**(921)**
Share of profit/(loss) of associates and joint ventures	**95**	**-**	**-**	**-**	**0**	**(2)**	**93**
Profit before tax	**4,639**	**612**	**164**	**79**	**411**	**958**	**6,863**
Total assets before intangible assets	**311,003**	**46,587**	**32,890**	**13,566**	**62,001**	**52,489**	**518,536**
Intangible assets	**3,182**	**134**	**1,318**	**322**	**-**	**28**	**4,984**
Total assets	**314,185**	**46,721**	**34,208**	**13,888**	**62,001**	**52,517**	**523,520**

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
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)/Write-back of credit and other losses	(99)	(223)	(111)	(115)	(42)	(13)	(603)
Share of profit/(loss) 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

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 [1] *(cont'd)*

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	$m	$m	$m	$m	$m	$m	$m
2H23							
Net interest income	**2,770**	**447**	**581**	**210**	**301**	**524**	**4,833**
Non-interest income	**1,076**	**271**	**192**	**81**	**270**	**144**	**2,034**
Operating income	**3,846**	**718**	**773**	**291**	**571**	**668**	**6,867**
Operating expenses	**(1,612)**	**(345)**	**(522)**	**(271)**	**(237)**	**(143)**	**(3,130)**
Amortisation of intangible assets	**-**	**(2)**	**(9)**	**(0)**	**-**	**(3)**	**(14)**
(Allowance for)/Write-back of credit and other losses	**(111)**	**(44)**	**(135)**	**(20)**	**(27)**	**(50)**	**(387)**
Share of profit/(loss) of associates and joint ventures	**45**	**-**	**-**	**-**	**(4)**	**1**	**42**
Profit before tax	**2,168**	**327**	**107**	**0**	**303**	**473**	**3,378**
Total assets before intangible assets	**311,003**	**46,587**	**32,890**	**13,566**	**62,001**	**52,489**	**518,536**
Intangible assets	**3,182**	**134**	**1,318**	**322**	**-**	**28**	**4,984**
Total assets	**314,185**	**46,721**	**34,208**	**13,888**	**62,001**	**52,517**	**523,520**
2H22							
Net interest income	2,882	477	453	243	301	438	4,794
Non-interest income	991	232	141	74	264	18	1,720
Operating income	3,873	709	594	317	565	456	6,514
Operating expenses	(1,597)	(505)	(400)	(196)	(235)	(107)	(3,040)
Amortisation of intangible assets	-	(1)	(2)	-	-	-	(3)
(Allowance for)/Write-back of credit and other losses	(118)	(134)	(91)	(64)	84	35	(288)
Share of profit/(loss) 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
1H23							
Net interest income	2,845	470	578	243	237	473	4,846
Non-interest income	1,209	281	183	80	280	186	2,219
Operating income	4,054	751	761	323	517	659	7,065
Operating expenses	(1,659)	(411)	(475)	(212)	(207)	(123)	(3,087)
Amortisation of intangible assets	-	(2)	(8)	-	-	-	(10)
(Allowance for)/Write-back of credit and other losses	25	(54)	(221)	(32)	(205)	(47)	(534)
Share of profit/(loss) of associates and joint ventures	50	-	-	-	5	(4)	51
Profit before tax	2,470	284	57	79	110	485	3,485
Total assets before intangible assets	295,553	46,492	30,736	12,876	64,575	50,440	500,672
Intangible assets	3,182	134	1,315	229	-	31	4,891
Total assets	298,735	46,626	32,051	13,105	64,575	50,471	505,563

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 registered a commendable growth of 21% year on year, ascending to new heights of $4.6 billion in 2023. Net interest income expanded by 19% to $5.6 billion, anchored by wider margins from higher interest rates and active balance sheet management. Non-interest income too rose by 19% to $2.3 billion, as market volatility engendered trading opportunities and customer hedging demands, culminating in record trading and investment income while promotional efforts and consumption uptrend powered card fees to a fresh high. However, cautious business sentiment beset loan, investment banking and trade fees. Expenses grew 15% to $3.3 billion, driven by ongoing investments in people and technology, albeit in a measured manner leading to the improved cost-to-income ratio of 41%.

Second half profit before tax of $2.2 billion was broadly stable year on year, as stronger results from trading and liquidity management, wealth and card activities were countered by the catchup in funding costs and renewed market competition. Against 1H23, profit before tax was 12% lower mainly due to softer performance on investments, margin compression and higher credit costs, negated by reduction in costs.

Malaysia

Hitting a new record high, profit before tax rebounded strongly year on year to $612 million in 2023, led to a large extent by lower specific allowance and one-time costs relating to the purchase of Citi's retail assets. In addition, total income climbed 15% to $1.5 billion, as the integration of Citi's customers augmented the consumer franchise, together with stronger proprietary trading and investment performance. Expenses inched up 1% to $756 million, mainly owing to higher staff and revenue-related costs to support the unified retail business, partly cushioned by receding one-off costs following substantial completion of the Citi integration in Malaysia.

2H23 profit before tax more than quadrupled against a year ago and advanced 15% half on half to $327 million, largely stemming from lower costs and credit allowance.

Thailand

Profit before tax was $164 million in 2023, 40% lower than a year ago, primarily attributable to allowance on a major, non-systemic corporate NPL in 1H23 as well as one-off costs associated with the integration of Citi's consumer franchise. Excluding these items, profit before tax would have grown by around 40%. Matching the momentum, total income surged 42% to $1.5 billion, propelled by the addition of Citi, healthy franchise growth and interest rate upcycle. Core expenses increased 28% mainly from staff, technology and revenue-related costs in tandem with the enlarged retail portfolio, while one-off costs contributed another 16%.

Compared with 2H22, profit before tax edged up 6% to $107 million, with full half year contribution from Citi's retail business since the takeover in November 2022 partially negated by step-up in one-off integration costs. Against 1H23, profit before tax rebounded 87% on the back of markedly lower credit costs.

Indonesia

Profit before tax declined 29% year on year to $79 million in 2023 but would have been 13% higher excluding Citi-related one-off expenses. Total income increased 2% to $614 million, with asset growth and stronger card fees buffering tepid wealth momentum. Core expenses grew 16% from a year ago, largely relating to committed investments in technology and people to support business franchise and capabilities. Total allowance for credit and other losses halved to $52 million.

2H23 performance was curtailed by one-off costs surrounding Citi's retail business integration in November 2023. Excluding this, core profit before tax stood at $45 million, with the decline relative to 2H22 and 1H23 primarily due to softer net interest income and higher technology spend. These were partly moderated by easing credit costs.

Greater China

Against last year, profit before tax narrowed 29% to $411 million in 2023, mainly on account of pre-emptive general allowance set aside amid soft economic and property outlook. Operating profit improved by 3% to $643 million, buoyed by strong proprietary trading results which cushioned the impact of higher funding costs.

Second half profit before tax reduced 27% year on year to $303 million, due to normalisation of credit allowance as 2H22 included reversal of specific allowance. Profit before tax more than doubled half on half, supported by lower credit costs.

Others

Compared with a year ago, profit before tax climbed 40% to $958 million in 2023, hoisted by rebound in investment income alongside margin expansion. Core expenses grew 23% year on year, mainly from higher staff and revenue-related costs in line with strong double-digit income growth, with another 15% attributed to one-off costs in integrating Citi's retail business in Vietnam.

Against 2H22, profit before tax rose 24% to $473 million, fuelled by broad-based income drivers of strong recovery in investments valuation, higher interest rates, loan-related fees as well as maiden addition of Citi's retail business in Vietnam since March 2023. This was partly offset by higher credit allowance and expenses, including Citi one-off costs. Compared with 1H23, profit before tax edged down 2% due to softer trading income and higher expenses, partially cushioned by quality loan growth.

Capital Adequacy and Leverage Ratios [1,2,3]

	Dec-23	Jun-23	Dec-22
	$m	$m	$m
Share capital	**5,004**	5,072	5,077
Disclosed reserves/others	**37,906**	36,430	34,951
Regulatory adjustments	**(5,834)**	(5,660)	(5,623)
Common Equity Tier 1 Capital ("CET1")	**37,076**	35,842	34,405
Perpetual capital securities/others	**2,751**	3,630	2,780
Additional Tier 1 Capital ("AT1")	**2,751**	3,630	2,780
Tier 1 Capital	**39,827**	39,472	37,185
Subordinated notes	**4,539**	4,660	4,621
Provisions/others	**1,301**	1,511	1,558
Tier 2 Capital	**5,840**	6,171	6,179
Eligible Total Capital	**45,667**	45,643	43,364
Risk-Weighted Assets ("RWA")	**275,930**	263,399	259,098
Capital Adequacy Ratios ("CAR")			
CET1	**13.4%**	13.6%	13.3%
Tier 1	**14.4%**	15.0%	14.4%
Total	**16.6%**	17.3%	16.7%
Leverage Exposure	**581,130**	563,133	563,583
Leverage Ratio	**6.9%**	7.0%	6.6%

The Group's CET1, Tier 1 and Total CAR as at 31 December 2023 remained well above the regulatory minimum requirements.

Year on year, total capital grew from reserves accretion, partially offset by lower eligible provisions, while RWA increased on asset growth.

The higher total capital compared to 30 June 2023 was largely contributed by earnings and increase in valuation reserves, partially offset by redemption of perpetual securities and lower eligible provisions. RWA grew from higher asset base.

As at 31 December 2023, the Group's leverage ratio of 6.9% 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 Statement (Audited) for the financial year ended 31 December 2023

	The Group			
	2023	2022	**2H23** [1]	2H22 [1]
	$m	$m	**$m**	$m
Interest income	**22,242**	12,862	**11,639**	8,184
Less: Interest expense	**12,563**	4,519	**6,806**	3,390
Net interest income	**9,679**	8,343	**4,833**	4,794
Net fee and commission income	**2,235**	2,143	**1,159**	1,004
Dividend income	**50**	40	**15**	14
Rental income	**99**	110	**50**	56
Net trading income	**1,600**	1,064	**766**	748
Net gain/(loss) from investment securities	**90**	(235)	**(29)**	(176)
Other income	**179**	110	**73**	74
Non-interest income	**4,253**	3,232	**2,034**	1,720
Total operating income	**13,932**	11,575	**6,867**	6,514
Less: Staff costs	**3,553**	3,001	**1,816**	1,678
Other operating expenses	**2,664**	2,280	**1,314**	1,362
Total operating expenses	**6,217**	5,281	**3,130**	3,040
Operating profit before allowance and amortisation	**7,715**	6,294	**3,737**	3,474
Less: Amortisation of intangible assets	**24**	3	**14**	3
Allowance for credit and other losses	**921**	603	**387**	288
Operating profit after allowance and amortisation	**6,770**	5,688	**3,336**	3,183
Share of profit of associates and joint ventures	**93**	97	**42**	46
Profit before tax	**6,863**	5,785	**3,378**	3,229
Less: Tax	**1,138**	1,202	**585**	666
Profit for the financial period	**5,725**	4,583	**2,793**	2,563
Attributable to:				
Equity holders of the Bank	**5,711**	4,573	**2,786**	2,555
Non-controlling interests	**14**	10	**7**	8
	5,725	4,583	**2,793**	2,563
Earnings per share ($) [2,3]				
Basic	**3.34**	2.69	**3.26**	3.15
Diluted	**3.33**	2.68	**3.25**	3.14

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 2023

	The Group			
	2023	2022	**2H23** [1]	2H22 [1]
	$m	$m	**$m**	$m
Profit for the financial period	**5,725**	4,583	**2,793**	2,563
Other comprehensive income that will not be reclassified to income statement				
Net loss on equity instruments at fair value through other comprehensive income	**(165)**	(263)	**(65)**	(163)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(14)**	(3)	**(6)**	(27)
Remeasurement of defined benefit obligation	**(3)**	5	**(3)**	5
Related tax on items at fair value through other comprehensive income	**(0)**	11	**3**	9
	(182)	(250)	**(71)**	(176)
Other comprehensive income that may be subsequently reclassified to income statement				
Currency translation adjustments	**(380)**	(798)	**(148)**	(560)
Net gain/(loss) on debt instruments classified at fair value through other comprehensive income and cash flow hedge:				
Net valuation taken to equity	**730**	(1,338)	**397**	(125)
Transferred to income statement	**(78)**	98	**9**	87
Change in allowance for expected credit losses	**15**	(16)	**5**	(17)
Related tax	**(41)**	66	**(20)**	(14)
	246	(1,988)	**243**	(629)
Change in share of other comprehensive income of associates and joint ventures	**(19)**	1	**(16)**	(34)
Other comprehensive income for the financial period, net of tax	**45**	(2,237)	**156**	(839)
Total comprehensive income for the financial period, net of tax	**5,770**	2,346	**2,949**	1,724
Attributable to:				
Equity holders of the Bank	**5,753**	2,352	**2,939**	1,721
Non-controlling interests	**17**	(6)	**10**	3
	5,770	2,346	**2,949**	1,724

Note:
1 Unaudited.

United Overseas Bank Limited and Its Subsidiaries
Consolidated Balance Sheet (Audited) as at 31 December 2023

	The Group		The Bank	
	Dec-23	Dec-22	**Dec-23**	Dec-22
	$m	$m	**$m**	$m
Equity				
Share capital and other capital	**7,752**	7,855	**7,752**	7,855
Retained earnings	**31,800**	28,925	**23,363**	21,192
Other reserves	**6,674**	6,586	**8,429**	8,084
Equity attributable to equity holders of the Bank	**46,226**	43,366	**39,544**	37,131
Non-controlling interests	**242**	240	**-**	-
Total equity	**46,468**	43,606	**39,544**	37,131
Liabilities				
Deposits and balances of banks	**32,371**	24,537	**27,385**	20,572
Deposits and balances of customers	**385,469**	368,553	**303,300**	289,024
Deposits and balances of subsidiaries	**-**	-	**13,590**	17,130
Bills and drafts payable	**900**	788	**702**	622
Derivative financial liabilities	**11,768**	16,218	**10,433**	14,669
Other liabilities	**8,842**	8,803	**6,570**	5,948
Tax payable	**909**	802	**825**	650
Deferred tax liabilities	**513**	360	**284**	239
Debts issued	**36,280**	40,593	**34,146**	38,320
Total liabilities	**477,052**	460,654	**397,235**	387,174
Total equity and liabilities	**523,520**	504,260	**436,779**	424,305
Assets				
Cash, balances and placements with central banks	**52,350**	49,419	**46,044**	43,549
Singapore government treasury bills and securities	**13,322**	12,056	**13,322**	12,056
Other government treasury bills and securities	**24,958**	19,822	**11,144**	7,802
Trading securities	**4,260**	4,606	**2,913**	3,642
Placements and balances with banks	**35,093**	35,410	**27,230**	24,917
Loans to customers	**317,005**	315,355	**246,336**	245,859
Placements with and advances to subsidiaries	**-**	-	**17,765**	22,985
Derivative financial assets	**9,707**	13,802	**8,412**	12,463
Investment securities	**46,533**	35,183	**43,043**	32,163
Other assets	**8,782**	7,690	**6,419**	5,246
Deferred tax assets	**752**	560	**154**	121
Investment in associates and joint ventures	**1,266**	1,258	**308**	309
Investment in subsidiaries	**-**	-	**6,980**	6,671
Investment properties	**726**	746	**804**	749
Fixed assets	**3,782**	3,453	**2,723**	2,591
Intangible assets	**4,984**	4,900	**3,182**	3,182
Total assets	**523,520**	504,260	**436,779**	424,305
Off-balance sheet items				
Contingent liabilities	**30,768**	31,574	**22,580**	23,254
Financial derivatives	**904,947**	953,953	**782,713**	832,348
Commitments	**208,974**	200,232	**161,835**	156,055
Net asset value per ordinary share ($)	**26.00**	24.24	**22.00**	20.51

United Overseas Bank Limited and Its Subsidiaries
Statements of Changes in Equity (Audited) for the financial year ended 31 December 2023

	The Group					
	Attributable to equity holders of the Bank					
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m
Balance at 1 January 2023	**7,855**	**28,925**	**6,586**	**43,366**	**240**	**43,606**
Profit for the financial year	**-**	**5,711**	**-**	**5,711**	**14**	**5,725**
Other comprehensive income for the financial year	**-**	**(24)**	**66**	**42**	**3**	**45**
Total comprehensive income for the financial year	**-**	**5,687**	**66**	**5,753**	**17**	**5,770**
Transfers	**-**	**(28)**	**28**	**-**	**-**	**-**
Change in non-controlling interests	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Dividends	**-**	**(2,783)**	**-**	**(2,783)**	**(10)**	**(2,793)**
Shares re-purchased - held in treasury	**(145)**	**-**	**-**	**(145)**	**-**	**(145)**
Share-based compensation	**-**	**-**	**64**	**64**	**-**	**64**
Shares issued under share-based compensation plan	**71**	**-**	**(70)**	**1**	**-**	**1**
Perpetual capital securities issued	**850**	**-**	**-**	**850**	**-**	**850**
Redemption of perpetual capital securities	**(879)**	**(1)**	**-**	**(880)**	**-**	**(880)**
Balance at 31 December 2023	**7,752**	**31,800**	**6,674**	**46,226**	**242**	**46,468**
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

Note:
As at 31 December 2023, the revaluation surplus of $5.32 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 2023

	The Bank			
	Share capital and other capital	Retained earnings	Other reserves	Total equity
	$m	$m	$m	$m
Balance at 1 January 2023	**7,855**	**21,192**	**8,084**	**37,131**
Profit for the financial year	**-**	**4,977**	**-**	**4,977**
Other comprehensive income for the financial year	**-**	**(22)**	**351**	**329**
Total comprehensive income for the financial year	**-**	**4,955**	**351**	**5,306**
Dividends	**-**	**(2,783)**	**-**	**(2,783)**
Shares re-purchased - held in treasury	**(145)**	**-**	**-**	**(145)**
Share-based compensation	**-**	**-**	**64**	**64**
Shares issued under share-based compensation plan	**71**	**-**	**(70)**	**1**
Perpetual capital securities issued	**850**	**-**	**-**	**850**
Redemption of perpetual capital securities	**(879)**	**(1)**	**-**	**(880)**
Balance at 31 December 2023	**7,752**	**23,363**	**8,429**	**39,544**
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

United Overseas Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement (Audited) for the financial year ended 31 December 2023

	The Group	
	2023	2022
	$m	$m
Cash flows from operating activities		
Profit for the financial year	**5,725**	4,583
Adjustments for:		
Allowance for credit and other losses	**921**	603
Amortisation of intangible assets	**24**	3
Fair value change in other debts issued	**23**	(301)
Share of profit of associates and joint ventures	**(93)**	(97)
Tax	**1,138**	1,202
Depreciation of assets	**597**	534
Net gain on disposal of assets	**(895)**	(7)
Share-based compensation	**64**	61
Operating profit before working capital changes	**7,504**	6,581
Change in working capital:		
Deposits and balances of banks	**8,143**	9,643
Deposits and balances of customers	**18,812**	18,868
Bills and drafts payable	**118**	(180)
Other liabilities	**(2,889)**	13,347
Restricted balances with central banks	**(520)**	(680)
Government treasury bills and securities	**(6,901)**	(10,471)
Trading securities	**1,022**	1,062
Placements and balances with banks	**(48)**	2,724
Loans to customers	**(4,994)**	(8,609)
Investment securities	**(11,289)**	(8,519)
Other assets	**2,887**	(12,685)
Cash generated from operations	**11,845**	11,081
Income tax paid	**(1,079)**	(977)
Net cash provided by operating activities	**10,766**	10,104
Cash flows from investing activities		
Capital injection into associates and joint ventures	**-**	(4)
Distribution from associates and joint ventures	**45**	54
Net proceeds/(cash outflow) from acquisition of consumer business	**148**	(3,093)
Purchase of properties and other fixed assets	**(872)**	(704)
Disposal of properties and other fixed assets	**34**	35
Net cash used in investing activities	**(645)**	(3,712)
Cash flows from financing activities		
Perpetual capital securities issued	**850**	400
Redemption of perpetual capital securities	**(890)**	-
Issuance of debts issued	**33,415**	45,691
Redemption of debts issued	**(37,999)**	(38,181)
Shares re-purchased - held in treasury	**(145)**	-
Change in non-controlling interests	**(5)**	28
Dividends paid on ordinary shares	**(2,681)**	(2,010)
Distribution on perpetual capital securities	**(118)**	(81)
Dividends paid to non-controlling interests	**(10)**	(10)
Lease payments	**(104)**	(100)
Net cash (used in)/provided by financing activities	**(7,687)**	5,737
Currency translation adjustments	**32**	164
Net increase in cash and cash equivalents	**2,466**	12,293
Cash and cash equivalents at beginning of the financial year	**43,265**	30,972
Cash and cash equivalents at end of the financial year	**45,731**	43,265

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

(b) Changes in Accounting Policies

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

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

The amendments to SFRS(I) 1-12 *International Tax Reform – Pillar Two Model Rules* provide a mandatory temporary exception from accounting for deferred taxes in respect of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As the Pillar Two legislation in the countries in which the Group operates are only effective after 31 December 2023, there is no tax impact for the year ended 31 December 2023.

The adoption of these amendments above did not have a significant impact on the Group's financial information as at 1 January 2023 and for the financial year ended 31 December 2023. The Group did not restate comparative information.

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

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

(c) Critical Accounting Estimates and Judgements

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

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

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			
	2023	2022	**2H23**	2H22
	$m	$m	**$m**	$m
Current income tax expense	**1,215**	1,242	**596**	674
Deferred income tax expense	**(92)**	(59)	**(19)**	(15)

3 Share Capital and Other Capital

	Dec-23		Dec-22	
	Number of shares '000	**Amount $m**	Number of shares '000	Amount $m
Ordinary shares				
Balance at beginning of period	**1,685,923**	**5,351**	1,685,923	5,351
Balance at end of period	**1,685,923**	**5,351**	1,685,923	5,351
Treasury shares				
Balance at beginning of period	**(11,314)**	**(273)**	(13,933)	(337)
Shares re-purchased - held in treasury	**(5,100)**	**(145)**	-	-
Shares issued under share-based compensation plan	**2,929**	**71**	2,619	64
Balance at end of period	**(13,485)**	**(347)**	(11,314)	(273)
Ordinary share capital	**1,672,438**	**5,004**	1,674,609	5,078
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017		**-**		879
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019		**749**		749
2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021		**150**		150
2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021		**599**		599
4.25% non-cumulative non-convertible perpetual capital securities issued on 4 July 2022		**400**		400
5.25% non-cumulative non-convertible perpetual capital securities issued on 19 January 2023		**850**		-
Share capital and other capital of the Bank and the Group		**7,752**		7,855

4 Dividends

	The Group	
	2023	2022
	$m	$m
Ordinary dividends paid:		
Final dividend of 75 cents (2022: 60 cents) tax-exempt per share paid in respect of prior financial year	**1,258**	1,005
Interim dividend of 85 cents (2022: 60 cents) tax-exempt per share paid in respect of the financial year	**1,423**	1,005

In respect of the financial year ended 31 December 2023, the directors have proposed a final tax-exempt dividend of 85 cents per ordinary share amounting to $1,422 million.

5 Classification of Financial Assets and Financial Liabilities

In $m	The Group				
	Mandatorily at FVPL	**Designated as FVPL**	**FVOCI**	**AC**	**Total**
Dec 23					
Cash, balances and placements with central banks	**1,644**	**-**	**616**	**50,090**	**52,350**
Singapore government treasury bills and securities	**359**	**-**	**7,661**	**5,302**	**13,322**
Other government treasury bills and securities	**1,022**	**-**	**18,752**	**5,184**	**24,958**
Trading securities	**4,260**	**-**	**-**	**-**	**4,260**
Placements and balances with banks	**11,535**	**-**	**3,836**	**19,722**	**35,093**
Loans to customers	**3,744**	**-**	**34**	**313,227**	**317,005**
Derivative financial assets	**9,707**	**-**	**-**	**-**	**9,707**
Investment securities					
Debt	**5**	**-**	**30,848**	**13,154**	**44,007**
Equity	**857**	**-**	**1,669**	**-**	**2,526**
Other assets	**3,458**	**-**	**3**	**5,156**	**8,617**
Total financial assets	**36,591**	**-**	**63,419**	**411,835**	**511,845**
Non-financial assets					**11,675**
Total assets					**523,520**
Deposits and balances of banks and customers	**2,692**	**2,292**	**-**	**412,856**	**417,840**
Bills and drafts payable	**-**	**-**	**-**	**900**	**900**
Derivative financial liabilities	**11,768**	**-**	**-**	**-**	**11,768**
Other liabilities	**1,023**	**215**	**-**	**6,252**	**7,490**
Debts issued	**-**	**2,809**	**-**	**33,471**	**36,280**
Total financial liabilities	**15,483**	**5,316**	**-**	**453,479**	**474,278**
Non-financial liabilities					**2,774**
Total liabilities					**477,052**

5 Classification of Financial Assets and Financial Liabilities (continued)

	The Group				
In $m	Mandatorily at FVPL	Designated as FVPL	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	36,791	-	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

6 Fair Value of Financial Instruments

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

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

- 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 are short-term in nature or subject to frequent re-pricing;
- Loans to customers are substantially subject to frequent re-pricing;
- Fair values of investment debt securities and non-subordinated debts issued are estimated based on independent broker quotes; and
- Fair values of subordinated notes issued are determined based on quoted market prices.

(b) The Group classifies 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

	The Group					
	Dec-23			Dec-22		
In $m	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	**1,242**	**1,018**	**-**	1,615	2,495	-
Singapore government treasury bills and securities	**8,020**	**-**	**-**	6,754	-	-
Other government treasury bills and securities	**18,146**	**1,628**	**-**	13,049	1,808	-
Trading securities	**198**	**3,710**	**352**	1,075	3,502	29
Placements and balances with banks	**-**	**15,371**	**-**	-	12,147	-
Loans to customers	**-**	**3,778**	**-**	-	2,798	-
Derivative financial assets	**439**	**8,844**	**424**	227	13,131	444
Investment securities						
Debt	**3,341**	**25,528**	**1,984**	2,618	17,515	1,620
Equity	**979**	**-**	**1,547**	985	-	1,776
Other assets	**3,084**	**377**	**-**	2,305	467	-
	35,449	**60,254**	**4,307**	28,628	53,863	3,869
Total financial assets carried at fair value			**100,010**			86,360
Deposits and balances of banks and customers	**-**	**4,984**	**-**	-	3,963	-
Derivative financial liabilities	**477**	**11,096**	**195**	223	15,761	234
Other liabilities	**357**	**881**	**-**	196	2,563	-
Debts issued	**-**	**2,809**	**-**	-	2,461	-
	834	**19,770**	**195**	419	24,748	234
Total financial liabilities carried at fair value			**20,799**			25,401

6 Fair Value of Financial Instruments (continued)

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

	The Group							
		Fair value gains or losses						
In $m	Balance at 1 January	Income statement	Other compre-hensive income	Purchases	Settlements	Transfer in/(out)	Balance at 31 December	Unrealised gains or losses included in income statement
Dec 23								
Assets								
Trading securities	**29**	**-**	**-**	**344**	**(29)**	**8**	**352**	**-**
Derivative financial assets	**444**	**(20)**	**-**	**-**	**-**	**-**	**424**	**(20)**
Investment securities - debt	**1,620**	**-**	**(3)**	**929**	**(297)**	**(265)**[1]	**1,984**	**-**
Investment securities - equity	**1,776**	**(11)**	**(149)**	**156**	**(225)**	**-**	**1,547**	**(11)**
Liabilities								
Derivative financial liabilities	**234**	**(39)**	**-**	**-**	**-**	**-**	**195**	**(40)**
Dec 22								
Assets								
Trading securities	201	-	-	16	(192)	4	29	-
Derivative financial assets	95	349	-	-	-	-	444	349
Investment securities - debt	1,182	(1)	(38)	1,245	(30)	(738)[1]	1,620	(1)
Investment securities - equity	2,080	(64)	(127)	140	(145)	(108)[2]	1,776	(64)
Liabilities								
Derivative financial liabilities	51	183	-	-	-	-	234	183

(1) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable inputs to their valuation.
(2) Investment securities – equity were transferred out from Level 3 during the year as unquoted securities were listed on an exchange.

(d) Effect of changes in significant unobservable inputs
The effect on fair value arising from reasonably possible changes to the significant unobservable inputs is assessed to be insignificant.

7 Debts Issued

	The Group	
	Dec-23	Dec-22
	$m	$m
Unsecured		
Subordinated debts	**5,905**	6,221
Commercial papers	**12,790**	17,078
Fixed and floating rate notes	**8,215**	7,377
Others	**2,809**	2,461
Secured		
Covered bonds	**6,561**	7,456
Total	**36,280**	40,593
Due within 1 year	**16,615**	20,699
Due after 1 year	**19,665**	19,894
Total	**36,280**	40,593

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

8 Acquisition of Consumer Business

On 1 November 2022, the Group completed the acquisition of Citigroup's consumer banking business in Malaysia and Thailand. The initial accounting and disclosures in the financial year ended 31 December 2022 were prepared on a provisional basis based on preliminary completion accounts and a draft purchase price allocation. The final completion payment was made, and the purchase price allocation was finalised in the financial year ended 31 December 2023. There were no significant adjustments to the provisional amounts disclosed in the prior financial year.

The Group also completed the acquisition of Citigroup's consumer banking business in Vietnam and Indonesia on 1 March 2023 and 18 November 2023 respectively. Goodwill of $106 million has been recognised on a provisional basis, pending the finalisation of the completion accounts, purchase price allocation and intangible asset valuations, by first half of 2024.

	The Group
In $m	**2023**
Loans to customers	**938**
Other assets	**34**
Total assets	**972**
Deposits and balances of customers	**1,187**
Other liabilities	**45**
Total liabilities	**1,232**
Net liabilities acquired	**(260)**
Goodwill and other intangible assets	**125**
Proceeds from acquisition	**(135)**
Less: Cash and cash equivalents acquired	**13**
Proceeds from acquisition of consumer business, net of cash acquired	**(148)**

The contribution to the Group's revenue and net profit from the consolidation of the acquired Consumer Business in Vietnam and Indonesia for the period between the date of acquisition to 31 December 2023 was not material.

The extract of the auditor's report dated 21 February 2024, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2023, is as follows:

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2023

To the Shareholders 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 12 to 102, which comprise the balance sheets of the Bank and the Group as at 31 December 2023, 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 material accounting policy information.

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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the 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.

<table>
<tr><th>Areas of focus</th><th>How our audit addressed the risk factors</th></tr>
<tr><td>

Purchase Price Allocation arising from acquisition of Citigroup's consumer banking franchise in Thailand and Malaysia

Refer to Notes 37 and 47 to the consolidated financial statements.

On 1 November 2022, the Group completed the acquisition of Citigroup's consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses in Thailand and Malaysia. The Group engaged an independent professional valuer to complete the identification and valuation of intangible assets acquired at their respective fair values for the Purchase Price Allocation (PPA) exercise, which led to the resultant recognition of goodwill after taking into consideration the fair value of the other assets and liabilities acquired. As at 31 December 2023 the PPA exercise had been completed.

The identification of such intangible assets and their measurement at fair value is inherently judgemental, thus we considered this area to be a key audit matter.

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We focused our work on the identification and valuation of the intangible assets and the other assets and liabilities acquired from Citigroup's consumer banking businesses on 1 November 2022 for Thailand and Malaysia.

We involved our internal valuation specialists to assist us in performing the following procedures:

- assessed the competence, capabilities and objectivity of the independent professional valuer engaged by the Group;
- obtained an understanding of the valuation performed by the independent professional valuer;
- assessed the intangible assets identified and valued in accordance with the identification and recognition criteria set out in SFRS(I) 1-38: *Intangible Assets*;
- verified the underlying inputs used in the valuation models to derive the valuation of intangible assets identified; and
- assessed the valuation methodologies used by management in the fair valuation and the key assumptions used, such as:
  (i) useful life of intangible assets;
  (ii) corporate tax rate;
  (iii) discount rate;
  (iv) contributory asset charges;
  (v) equity charges; and
  (vi) comparable companies.

We also performed the following:

- read the Business Transfer Agreements (BTA) and identified critical terms with accounting impact, including the purchase consideration;
- assessed the Group's identification and determination of the fair value of the other assets and liabilities having regard to the completeness of assets and liabilities identified, including contingent liabilities and the reasonableness of any underlying assumptions in their respective valuations and the consideration given;
- checked that the accounting treatment is in accordance with SFRS(I) 3: *Business Combinations*; and
- reviewed the financial statement disclosures in relation to the acquisition.

Based on the results of our audit procedures, the key assumptions and methodologies used for the intangible assets identified, the fair value of the intangible assets as well as other assets and liabilities acquired were within a reasonable range of expectations.

</td></tr>
</table>

Areas of focus	How our audit addressed the risk factors
Expected credit losses *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.* 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. *a) <u>Non-impaired credit exposures</u>* 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: • 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.	*a) <u>Non-impaired credit exposures</u>* 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: • 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. We involved our internal modelling specialists to assist us in performing the following procedures on a sampling basis: • 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. 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.

Areas of focus	**How our audit addressed the risk factors**
b) Impaired credit exposures As at 31 December 2023, the Stage 3 ECL for impaired credit exposures of the Group was $1,590 million, out of which 76% pertained to the Group Wholesale Banking (GWB) portfolio. 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.	*b) Impaired credit exposures* 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: • collateral valuation and monitoring; • identification of impairment indicators; and • MAS Notice 612 credit grading. 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: • 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 • assessed the reasonableness and tested the calculation of the Stage 3 ECL. Overall, the results of our evaluation of the Group's ECL were within a reasonable range of expectations.

Areas of focus	How our audit addressed the risk factors
Valuation of illiquid or complex financial instruments *Refer to Notes 2(d)(ii), 3(ii) and 19(b) to the consolidated financial statements.* At 31 December 2023, 4% ($5 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unquoted equity investments and funds, long dated equity derivatives, callable interest rate swaps and debt securities. We focused on the financial instruments that are measured at fair value using valuation techniques based on inputs which involve a higher degree of complexity and estimates made by management. 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.	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: • model validation and approval; • observability, completeness and accuracy of pricing inputs; • independent price verification, including stale price checks; and • monitoring of collateral disputes. 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. The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.

Impairment of goodwill *Refer to Notes 2(i), 3(iii) and 37 to the consolidated financial statements.* As at 31 December 2023, 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. 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.	We focused on material CGUs with a low headroom or significantly reduced headroom. Our work included the following: • 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. 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.

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.
- 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 Woo Siew Wah.

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

21 February 2024