Directors' Statement

for the financial year ended 31 December 2023

The Directors are pleased to present their statement to the members together with the audited financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group) for the financial year ended 31 December 2023.

In the opinion of the Directors,

(a) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2023, the results of the business and changes in equity of the Bank and the Group and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

Directors

The Directors of the Bank in office are:

Wong Kan Seng *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
Michael Lien Jown Leam
Wee Ee Lim
Steven Phan Swee Kim
Chia Tai Tee
Tracey Woon Kim Hong
Dinh Ba Thanh
Teo Lay Lim
Ong Chong Tee

Arrangements to Enable Directors to Acquire Shares or Debentures

The UOB Share Plan (previously known as the UOB Restricted Share Plan) (Plan) commenced on 7 August 2007 and was initially set to expire on 6 August 2017. On 21 April 2016 at the Bank's Annual General Meeting (AGM), shareholders approved the extension of the expiry to 6 August 2027. At the Bank's AGM on 21 April 2022, shareholders approved amendments to the Rules of the Plan. This included an amendment to allow non-executive Directors to participate in the Plan such that grants of fully paid shares could be made to eligible non-executive Directors as part payment of their directors' fees in lieu of cash. The Plan only allows for the delivery of shares which are held by the Bank as treasury shares and does not involve the issuance of new shares.

Other than as disclosed in this Directors' Statement, neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares or debentures of the Bank or any other body corporate.

Directors' Interests in Shares or Debentures

The following Directors, who held office at the end of the financial year, had interests in shares and debentures of the Bank or its related corporations as stated below:

	Direct interest		Deemed interest	
	At 31.12.2023	At 1.1.2023 or date of appointment	**At 31.12.2023**	At 1.1.2023 or date of appointment
The Bank				
Ordinary shares				
Wong Kan Seng	**49,000**	31,800	**1,970**	670
Wee Ee Cheong	**3,281,455**	3,181,455	**173,701,487**	173,701,487
Wee Ee Lim	**1,831,903**	1,831,903	**173,280,943**	173,280,943
Steven Phan Swee Kim	**–**	–	**7,500**	3,500
Chia Tai Tee	**5,900**	2,600	**–**	–
Tracey Woon Kim Hong	**4,400**	1,000	**–**	–
Dinh Ba Thanh	**1,300**	100	**–**	–
Teo Lay Lim	**2,000**	–	**1,263**	1,263
3.58% perpetual capital securities				
Wong Kan Seng	**$1,000,000**	$1,000,000	**–**	–
4.25% perpetual capital securities				
Chia Tai Tee	**$500,000**	$500,000	**–**	–

There was no change in any of the above interests between the end of the financial year and 21 January 2024.

Audit Committee

The Audit Committee comprises four members, all of whom are independent directors. The members of the Audit Committee are:

Steven Phan Swee Kim *(Chairman)*
Chia Tai Tee
Tracey Woon Kim Hong
Teo Lay Lim

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of the internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of the external auditor and the significant findings of internal audit investigations. The reviews were made with the internal and external auditors, the Chief Financial Officer and/or other senior management staff, as appropriate.

Directors' Statement

for the financial year ended 31 December 2023

Auditor

The Audit Committee has nominated Ernst & Young LLP for reappointment as auditor of the Bank and Ernst & Young LLP has expressed its willingness to be reappointed.

On behalf of the Board of Directors,

Wong Kan Seng
Chairman

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

Singapore
21 February 2024

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 142 to 236, 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.

Independent Auditor's Report

for the financial year ended 31 December 2023

<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.

</td><td>

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) Non-impaired credit exposures* 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) Non-impaired credit exposures* 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 Citigroup's 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.

Independent Auditor's Report

for the financial year ended 31 December 2023

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.

Independent Auditor's Report

for the financial year ended 31 December 2023

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

Income Statements

for the financial year ended 31 December 2023

		The Group		The Bank	
In $ millions	Note	**2023**	2022	**2023**	2022
Interest income	4	**22,242**	12,862	**17,740**	9,494
Less: Interest expense	5	**12,563**	4,519	**10,907**	3,610
Net interest income		**9,679**	8,343	**6,833**	5,884
Net fee and commission income	6	**2,235**	2,143	**1,525**	1,538
Dividend income		**50**	40	**121**	110
Rental income		**99**	110	**73**	85
Net trading income	7	**1,600**	1,064	**1,203**	781
Net gain/(loss) from investment securities	8	**90**	(235)	**(18)**	(85)
Other income	9	**179**	110	**414**	308
Non-interest income		**4,253**	3,232	**3,318**	2,737
Total operating income		**13,932**	11,575	**10,151**	8,621
Less: Staff costs	10	**3,553**	3,001	**2,267**	1,969
Other operating expenses	11	**2,664**	2,280	**1,633**	1,399
Total operating expenses		**6,217**	5,281	**3,900**	3,368
Operating profit before allowance and amortisation		**7,715**	6,294	**6,251**	5,253
Less: Amortisation of intangible assets	37	**24**	3	**–**	–
Allowance for credit and other losses	12	**921**	603	**362**	360
Operating profit after allowance and amortisation		**6,770**	5,688	**5,889**	4,893
Share of profit of associates and joint ventures		**93**	97	**–**	–
Profit before tax		**6,863**	5,785	**5,889**	4,893
Less: Tax	13	**1,138**	1,202	**912**	856
Profit for the financial year		**5,725**	4,583	**4,977**	4,037
Attributable to:					
Equity holders of the Bank		**5,711**	4,573	**4,977**	4,037
Non-controlling interests		**14**	10	**–**	–
		5,725	4,583	**4,977**	4,037
Earnings per share ($)	14				
Basic		**3.34**	2.69		
Diluted		**3.33**	2.68		

The accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 31 December 2023

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Profit for the financial year	**5,725**	4,583	**4,977**	4,037
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)	**(194)**	(252)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(14)**	(3)	**(15)**	#
Remeasurement of defined benefit obligation	**(3)**	5	**#**	#
Related tax on items at fair value through other comprehensive income	**#**	11	**3**	8
	(182)	(250)	**(206)**	(244)
Other comprehensive income that may be subsequently reclassified to income statement				
Currency translation adjustments	**(380)**	(798)	**9**	(75)
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)	**558**	(1,196)
Transferred to income statement	**(78)**	98	**(29)**	124
Change in allowance for expected credit losses	**15**	(16)	**12**	(13)
Related tax	**(41)**	66	**(15)**	33
	246	(1,988)	**535**	(1,127)
Change in share of other comprehensive income of associates and joint ventures	**(19)**	1	**–**	–
Other comprehensive income for the financial year, net of tax	**45**	(2,237)	**329**	(1,371)
Total comprehensive income for the financial year, net of tax	**5,770**	2,346	**5,306**	2,666
Attributable to:				
Equity holders of the Bank	**5,753**	2,352	**5,306**	2,666
Non-controlling interests	**17**	(6)	**–**	–
	5,770	2,346	**5,306**	2,666

Amount less than $500,000

The accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2023

In $ millions	Note	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Equity					
Share capital and other capital	15	**7,752**	7,855	**7,752**	7,855
Retained earnings	16	**31,800**	28,925	**23,363**	21,192
Other reserves	17	**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
Customers	20	**385,469**	368,553	**303,300**	289,024
Subsidiaries		**–**	–	**13,590**	17,130
Bills and drafts payable		**900**	788	**702**	622
Derivative financial liabilities	40	**11,768**	16,218	**10,433**	14,669
Other liabilities	21	**8,842**	8,803	**6,570**	5,948
Tax payable		**909**	802	**825**	650
Deferred tax liabilities	22	**513**	360	**284**	239
Debts issued	23	**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	24	**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	25	**24,958**	19,822	**11,144**	7,802
Trading securities	26	**4,260**	4,606	**2,913**	3,642
Placements and balances with banks	27	**35,093**	35,410	**27,230**	24,917
Loans to customers	28	**317,005**	315,355	**246,336**	245,859
Placements with and advances to subsidiaries		**–**	–	**17,765**	22,985
Derivative financial assets	40	**9,707**	13,802	**8,412**	12,463
Investment securities	30	**46,533**	35,183	**43,043**	32,163
Other assets	31	**8,782**	7,690	**6,419**	5,246
Deferred tax assets	22	**752**	560	**154**	121
Investment in associates and joint ventures	32	**1,266**	1,258	**308**	309
Investment in subsidiaries	33	**–**	–	**6,980**	6,671
Investment properties	35	**726**	746	**804**	749
Fixed assets	36	**3,782**	3,453	**2,723**	2,591
Intangible assets	37	**4,984**	4,900	**3,182**	3,182
Total assets		**523,520**	504,260	**436,779**	424,305

The accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2023

	The Group					
	Attributable to equity holders of the Bank					
In $ millions	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
2023						
Balance at 1 January	**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	**7,752**	**31,800**	**6,674**	**46,226**	**242**	**46,468**
2022						
Balance at 1 January	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	7,855	28,925	6,586	43,366	240	43,606
Note	15	16	17			

The accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2023

	The Bank			
In $ millions	**Share capital and other capital**	**Retained earnings**	**Other reserves**	**Total equity**
2023				
Balance at 1 January	**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	**7,752**	**23,363**	**8,429**	**39,544**
2022				
Balance at 1 January	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	7,855	21,192	8,084	37,131
Note	15	16	17	

The accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2023

In $ millions	2023	2022
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 (Note 47)	**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 (Note 23)	**33,415**	45,691
Redemption of debts issued (Note 23)	**(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 (Note 24)	**45,731**	43,265

The accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate Information

United Overseas Bank Limited (the Bank) is a limited liability company incorporated and domiciled in Singapore and listed on the Singapore Exchange. The registered office of the Bank is at 80 Raffles Place, UOB Plaza, Singapore 048624.

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its major subsidiaries are set out in Note 33 to the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Bank and its subsidiaries (collectively, the Group) have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) as required by the Companies Act 1967 (the Act) and International Financial Reporting Standards (IFRS).

Except as otherwise stated, the financial statements have been prepared under the historical cost convention and are presented to the nearest million in Singapore Dollars.

(b) Changes in Accounting Policies

(i) Changes During the Financial Year

The Group adopted the following financial reporting standards during the financial year which had no significant effect on the financial statements of the Group:

- 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 arising from implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments also require separate disclosure of current tax expense/income related to Pillar Two income taxes, and qualitative and quantitative information about exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

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.

Other than the above, the accounting policies applied by the Group in the financial year were consistent with those adopted in the previous financial year.

2. Summary of Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

(ii) Changes Subsequent to the Financial Year

The following SFRS(I)s that are in issue will apply to the Group for the financial years as indicated:

Effective for the financial year beginning on or after 1 January 2024:

- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements

Effective for the financial year beginning on or after 1 January 2025:

- Amendments to SFRS(I) 1-21: Lack of Exchangeability

Effective for a financial year beginning on or after a date to be determined:

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Application of the SFRS(I)s listed above is not expected to have a significant impact on the Group's financial statements.

(c) Interests in Other Entities

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group applies the acquisition method to account for business acquisitions. Consideration for an acquisition includes the fair value of the assets transferred, liabilities incurred, equity interests issued and any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, measured at their fair values at the acquisition date. Non-controlling interests are measured at fair value or the proportionate share of the acquiree's net identifiable assets at the acquisition date, determined on a case-by-case basis. Acquisition-related costs are expensed off when incurred. Goodwill is determined and accounted for in accordance with Note 2(i).

Subsidiaries are consolidated from the date the Group obtains control until the date such control ceases. Intra-group balances and income and expenses are eliminated on consolidation. Adjustments are made to align the accounting policies of the subsidiaries to those of the Group. The portion of profit or loss and net assets of subsidiaries that belong to the non-controlling interests is disclosed separately in the consolidated financial statements. Gain or loss arising from changes of the Bank's interest in subsidiaries is recognised in the income statement if they result in loss of control in the subsidiaries, otherwise, in equity.

In the Bank's separate financial statements, investment in subsidiaries is stated at cost less allowance for impairment, if any, determined on an individual basis.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Summary of Significant Accounting Policies (continued)

(c) Interests in Other Entities (continued)

(ii) Associates and Joint Ventures

Associates are entities in which the Group has significant influence but not control or joint control. This generally coincides with the Group having 20% or more of the voting power of the investees. Joint ventures are entities in which the Group and its joint venturers have joint control and rights to the net assets of the investees.

The Group's investment in associates and joint ventures is accounted for using the equity method from the date the Group obtains significant influence or joint control over the entities until the date such significant influence or joint control ceases. Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless they relate to impairment of the assets transferred. Adjustments are made to align the accounting policies of the associates and joint ventures to those of the Group.

Under the equity method, the Group's investment in associates and joint ventures is carried in the balance sheet at cost (including goodwill on acquisition), plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures, less allowance for impairment, if any, determined on an individual basis. The Group recognises its share of the results of operations and changes in other comprehensive income of the associates and joint ventures in the consolidated income statement and in equity respectively. Where the share of losses of an associate or joint venture exceeds the Group's interest in the associate or joint venture, such excess is not recognised in the consolidated income statement.

Upon loss of significant influence over the associates or joint control over the joint ventures, any resulting gain or loss is recognised in the income statement and the related share of reserves is accounted for in the same manner as if the associates or joint ventures have directly disposed of the related assets and liabilities. Any retained investment is measured at its fair value.

In the Bank's separate financial statements, investment in associates and joint ventures is stated at cost less allowance for impairment, if any, determined on an individual basis.

(iii) Joint Operations

Joint operations are arrangements over which the Group and its joint operators have joint control and rights to the assets, and obligations for the liabilities, relating to the arrangements.

The Bank and the Group account for joint operations by taking their share of the relevant assets, liabilities, income and expenses of the joint operations accordingly.

(d) Financial Instruments

(i) Classification

Financial assets and financial liabilities are classified as follows:

Held for Trading

Financial instruments within a held for trading (HFT) business model are classified and measured at fair value through profit or loss (mandatorily at FVPL). Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(i) Classification (continued)

Non-Trading Debt Assets
Non-trading debt assets with contractual cash flows that represent solely payments of principal and interest are classified and measured as follows:

- at amortised cost (AC) if they are held within a business model whose objective is to collect contractual cash flows from the assets;
- at fair value through other comprehensive income (FVOCI) if the objective of the business model is both for collection of contractual cash flows and for sale; or
- at fair value through profit or loss (designated as FVPL) if so designated to eliminate or reduce accounting inconsistency.

All other non-trading debt assets are mandatorily classified and measured at fair value through profit or loss (mandatorily at FVPL).

Non-Trading Equity Instruments
Non-trading equity instruments are classified and measured at FVPL unless elected at inception to be classified and measured at FVOCI.

Non-Trading Financial Liabilities
Non-trading financial liabilities are classified and measured at AC. They may be designated as FVPL at initial recognition if they meet the following criteria:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities on a different basis;
- the assets and liabilities are managed on a fair value basis in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative that would otherwise require bifurcation.

For financial liabilities with embedded derivatives, if the economic characteristics and risks of the embedded derivative is not closely related to the host, the embedded derivative is bifurcated and accounted for separately unless the entire instrument is measured at FVPL. If the embedded derivative is closely related to the host, the financial liability is accounted for in its entirety based on the host's classification.

(ii) Measurement

Initial Measurement
Financial instruments are recognised initially at their fair value which is generally the transaction price, reduced by loss allowance for financial assets at amortised cost. Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at FVPL.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) Measurement (continued)

Subsequent Measurement
Financial instruments designated as FVPL and mandatorily at FVPL are remeasured at fair value with fair value changes recognised in the income statement; as an exception fair value changes attributable to own credit risk of financial liabilities that are designated as FVPL are taken into other comprehensive income unless this would create an accounting mismatch, in which case such fair value changes are taken to the income statement. Any such gains or losses on own credit risk recognised in other comprehensive income are not reclassified to the income statement upon derecognition, but are transferred to retained earnings.

Financial instruments classified as FVOCI are remeasured at fair value with fair value changes taken to the fair value reserve. For debt assets, the fair value change in the fair value reserve is taken to the income statement upon disposal or impairment of the assets. For equity instruments elected to be classified as FVOCI, only dividend income is recognised in the income statement. Gains or losses recognised in the fair value reserve are not reclassified to the income statement upon derecognition, but are transferred to retained earnings.

All other financial instruments are measured at AC using the effective interest method, and for financial assets, less allowance for impairment. Any gain or loss on derecognition is recognised in the income statement.

Interest and dividend income on all non-derivative financial instruments at FVPL are recognised separately from fair value changes, except for interest expense on structured liabilities at FVPL which is included with other fair value changes in trading income. The effective interest rate applied to performing financial assets is on their gross carrying amount. For non-performing financial assets the effective interest rate is applied to the net carrying amount.

Fair Value Determination
Fair values of financial assets and financial liabilities with active markets are determined based on the market bid and ask prices respectively at the balance sheet date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models. Valuation inputs include spot and forward prices, volatilities, correlations and credit spreads.

(iii) Recognition and Derecognition

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date.

Financial instruments are derecognised when the contractual rights to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and presented net in the balance sheet if there is a current, unconditional and legally enforceable right and intention to settle them simultaneously or on a net basis.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(v) Modification

A financial instrument may be exchanged for another, or the terms of its contractual cash flows may be modified. Where the terms are substantially different, the existing instrument is derecognised and the new one recognised. In all other cases, the existing instrument continues to be recognised and its carrying amount is adjusted to reflect the present value of the cash flows of the modified instrument, discounted at the original effective interest rate.

(vi) Impairment

Loans, debt assets, undrawn loan commitments and financial guarantees that are not measured at FVPL are subject to credit loss provisioning which is made on an expected loss basis, point-in-time, forward-looking and probability-weighted. Where there is no significant increase in credit risk since initial recognition, expected credit loss (ECL) representing possible default for the next 12 months is required (Stage 1). Lifetime ECL is required for non-credit-impaired financial assets with significant increase in credit risk since initial recognition (Stage 2) and credit-impaired financial assets (Stage 3).

The Group considers a range of qualitative and quantitative parameters to assess whether a significant increase in credit risk since initial recognition has occurred. Parameters such as changes in credit risk ratings, delinquency, special mention, behavioural scores and non-investment grade status are considered where available and relevant. Exposures are considered credit-impaired if they are past due for 90 days or more or exhibit weaknesses which are likely to jeopardise repayments on existing terms. The definition of default is consistent with that used for risk management purposes.

Exposures with significant increase in credit risk are transferred from Stage 1 to Stage 2. Exposures are transferred back to Stage 1 when they no longer meet the criteria for a significant increase in credit risk. Exposures that are credit-impaired are classified as Stage 3 and could be upgraded to Stage 1 or Stage 2 if supported by repayment capability, cash flows and financial position of the borrower and when it is unlikely that the exposure will be classified again as credit-impaired in the future.

Although the Group leverages its Basel credit risk models and systems, modifications are required to ensure that outcomes are in line with SFRS(I) 9 ECL requirements. Such modifications include transforming regulatory probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), considering forward-looking information, discount rate and discounting period. Macro-economic variables considered include interest rates, property price indices, unemployment rates, consumer price indices, gross domestic products and equity price indices.

The Group determines ECL using macro-economic probability-weighted scenarios which are derived from internal economic risk models. Scenarios to be used and probability-weighting assigned is determined by the Group's SFRS(I) 9 Working Group and, where judged to be appropriate, use of a management overlay.

ECL is computed by discounting the product of PD, LGD and EAD to the reporting date at the original effective interest rate or an approximation thereof. The ECL is adjusted with a management overlay where considered appropriate.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(vi) Impairment (continued)

Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively while exposures in Stage 3 are individually assessed. Those collectively assessed are grouped based on similar credit risks and assessed on a portfolio basis. ECL is recognised in the income statement.

Financial assets are written off when the prospect of recovery is considered poor or when all avenues of recovery have been exhausted.

Minimum Regulatory Loss Allowance

Monetary Authority of Singapore (MAS) Notice 612 Credit Files, Grading and Provisioning requires Singapore-incorporated Domestic Systemically Important Banks to maintain a Minimum Regulatory Loss Allowance (MRLA) equivalent to 1% of the gross carrying amount of the selected credit exposures net of collaterals. Where the loss allowance provided for under SFRS(I) 9 for the selected credit exposures falls below the MRLA, an additional loss allowance is required to be maintained in a non-distributable Regulatory Loss Allowance Reserve (RLAR) through an appropriation of retained earnings.

(e) Financial Derivatives

Financial derivatives are recognised and measured at fair value initially and subsequently. Derivatives with positive and negative fair values are presented under assets and liabilities in the balance sheet respectively. Fair value changes of derivatives are recognised in the income statement unless they are designated as hedging instruments and accounted for in accordance with Note 2(f).

Financial derivatives embedded in non-financial host contracts are bifurcated and accounted for separately if their economic characteristics and risks are not closely related to those of the host contracts and the combined contracts are not carried at FVPL.

(f) Hedge Accounting

The Group applies the requirements of SFRS(I) 9 for hedge accounting.

(i) Fair Value Hedge

A fair value hedge is a hedge of changes in the fair value of an asset, liability or a firm commitment.

For a fair value hedge of an equity instrument designated at FVOCI, fair value changes of the hedging instrument are recognised in other comprehensive income and transferred to retained earnings when the hedge is terminated.

For other fair value hedges, fair value changes of the hedging instrument are recognised in the income statement, together with fair value changes of the hedged item attributable to the hedged risk. The adjustment made to the carrying amount of the hedged item is amortised over the expected life of the hedged item when the hedge is terminated and taken to income statement upon disposal of the hedged item.

2. Summary of Significant Accounting Policies (continued)

(f) Hedge Accounting (continued)

(ii) Cash Flow Hedge

A cash flow hedge is a hedge of the variability in the cash flows of an asset, liability or highly probable forecast transaction.

Fair value changes of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and taken to the hedge reserve under equity while those relating to the ineffective portion are recognised in the income statement. If the hedge transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedge reserve is transferred and included in the initial carrying amount of the hedged item.

For other cash flow hedges, the amount in the hedge reserve is transferred to the income statement at the same time the cash flow of the hedged item is recognised in the income statement or immediately when the forecasted hedged item is no longer expected to occur.

(iii) Hedge of Net Investment in a Foreign Operation

A hedge of a net investment in a foreign operation is a hedge of foreign exchange rate fluctuation on the net assets of a foreign operation.

Fair value changes of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and taken to the foreign currency translation reserve under equity while those relating to the ineffective portion are recognised in the income statement. The amount taken to the reserve is transferred to the income statement upon disposal of the foreign operation.

(iv) Economic Relationship and Hedge Ineffectiveness

For the purpose of the prospective effectiveness assessment, the economic relationship between the hedging instrument and hedged item may be assessed qualitatively, by comparing that critical terms match or closely match, or by quantitative methods. The hedge ratio is determined by aligning the principal amount of the hedging instrument with that of the hedged item.

The hedge ineffectiveness of a hedging relationship is derived by comparing the fair value change of the hedging instrument with the fair value change of the hedged item. The sources of hedge ineffectiveness include differences in the timing of cash flows of the hedging instrument and the hedged item, and the change in fair value due to the credit risk of the hedging instrument.

2. Summary of Significant Accounting Policies (continued)

(g) Investment Properties and Fixed Assets

Investment properties and fixed assets are stated at cost less accumulated depreciation and impairment allowance.

Investment properties are properties held for rental income and/or capital appreciation while owner-occupied properties are for office use.

Freehold land and leasehold land with remaining leases of 100 years or more are not depreciated. Other leasehold land is depreciated on a straight-line basis over the lease period. Buildings are depreciated on a straight-line basis over 50 years or the lease period, whichever is shorter. Other fixed assets are depreciated on a straight-line basis over their expected useful lives of three to ten years. The expected useful life, depreciation method and residual value of investment properties and fixed assets are reviewed annually.

Investment properties and fixed assets are reviewed for impairment when events or changes in circumstances indicate that their recoverable amounts, being the higher of fair value less cost to sell and value in use, may be below their carrying amounts.

Investment properties and fixed assets are derecognised upon disposal and the resulting gain or loss is recognised in the income statement.

(h) Leases as a Lessee

As a lessee, at the commencement date of a lease contract a right-of-use asset (representing the right to use the underlying leased asset) and a lease liability (representing the obligation to make lease payment) is recognised for all leases unless they are short-term or of low value. Lease payments of short-term leases and leases of low-value assets are recognised in the income statement on a straight-line basis over the lease term.

Right-of-use assets are stated at cost less accumulated depreciation and impairment allowance, and adjusted for any remeasurement of lease liabilities.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amount of lease liabilities is remeasured for modifications to the lease contract or changes in expected lease obligations.

2. Summary of Significant Accounting Policies (continued)

(i) Intangible Assets

(i) Goodwill

Goodwill in a business combination represents the excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. Where (b) exceeds (a) and the measurement of all amounts has been reviewed, the gain is recognised in the income statement. Goodwill is measured at cost less accumulated impairment allowance, if any.

Goodwill is reviewed for impairment annually or more frequently if the circumstances indicate that its carrying amount may be impaired. At the date of acquisition, goodwill is allocated to the cash-generating units (CGU) expected to benefit from the synergies of the business combination. The Group's CGU correspond with the business segments reported in Note 44(a). Where the recoverable amount, being the higher of fair value less cost to sell and value in use, of a CGU is below its carrying amount, the impairment allowance is recognised in the income statement and subsequent reversal is not allowed.

(ii) Other Intangible Assets

Intangible assets of the Group include separately identifiable intangible items with finite useful lives that are acquired in business combinations and are stated at cost, being their fair value at the date of acquisition less accumulated amortisation and impairment allowance. These intangible assets are amortised on a straight-line basis over their estimated useful lives of ten years. The estimated useful life, amortisation method and residual value of intangible assets are reviewed annually.

Intangible assets are reviewed for impairment when events or changes in circumstances indicate that their recoverable amounts, being the higher of fair value less cost to sell and value in use, may be below their carrying amounts. Impairment allowance is recognised in the income statement and subsequent reversal is permitted when there is indication that the impairment loss recognised in prior periods no longer exist or may have decreased.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. The resulting gain or loss upon derecognition is recognised in the income statement.

(j) Foreign Currencies

(i) Foreign Currency Transactions

On initial recognition, transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rate at the transaction date. Subsequent to initial recognition, monetary assets and monetary liabilities denominated in foreign currencies are translated at the closing rate of exchange at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Summary of Significant Accounting Policies (continued)

(j) Foreign Currencies (continued)

(i) Foreign Currency Transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at balance sheet date are recognised in the income statement. Exchange differences arising from monetary items that form part of the net investment in foreign operations, or on foreign currency borrowings that provide a hedge against a net investment in a foreign operation, are recognised initially in the foreign currency translation reserve in the consolidated balance sheet, and subsequently in the consolidated income statement on disposal of the foreign operation.

(ii) Foreign Operations

Income and expenses of foreign operations are translated into Singapore Dollars at the exchange rate prevailing at each respective month-end which approximates the exchange rate at the transaction date. Foreign operations' assets and liabilities are translated at the exchange rate as at the balance sheet date. All resultant exchange differences are recognised in the foreign currency translation reserve, and subsequently to the consolidated income statement upon disposal of the foreign operations. In the case of a partial disposal without loss of control of a subsidiary, the proportionate share of the accumulated exchange differences is not recognised in the income statement but re-attributed to the non-controlling interests. For partial disposal of an associate or joint venture, the proportionate share of the accumulated exchange differences is reclassified to income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are recorded in the functional currency of the foreign operations and translated at the exchange rate at the balance sheet date. For acquisitions prior to 1 January 2005, goodwill and fair value adjustments were recorded in Singapore Dollars at the exchange rate prevailing at the date of acquisition.

(k) Tax

(i) Current Tax

Current tax is measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax law applied are those that have been enacted or substantively enacted by the balance sheet date. The Group will account for any additional income taxes arising from the Pillar Two model rules as current tax when it is incurred.

(ii) Deferred Tax

Deferred tax is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax is measured at the tax rate that is expected to apply when the assets are realised or the liabilities are settled, based on the tax rate and tax law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided for temporary differences arising from (a) initial recognition of goodwill, (b) initial recognition of an asset or liability in a transaction that is not a business combination, that does not affect accounting or taxable profit at the time of the transaction, and that does not give rise to equal taxable and deductible temporary differences at the time of the transaction, (c) taxable temporary differences related to investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and (d) income taxes that may arise from implementation of the OECD Pillar Two model rules under the mandatory temporary exception.

2. Summary of Significant Accounting Policies (continued)

(k) Tax (continued)

(ii) Deferred Tax (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Where gains and losses are recognised directly in equity, the related deferred tax is also taken to equity.

(iii) Offsetting

Current and deferred tax assets are offset with current and deferred tax liabilities respectively if (a) there is a legally enforceable right and intention to settle them simultaneously or on a net basis, (b) they are of the same tax reporting entity or group and (c) they relate to the same tax authority.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and an outflow of resources to settle the obligation is probable and can be reliably estimated. Provisions are recognised at the best estimate of the amount required to settle the obligation. When an outflow of resources to settle the obligation is no longer probable, the provision is reversed.

(m) Financial Guarantees

Financial guarantees are recognised initially at their fair value which is generally the fees received. The fees are recognised on a straight-line basis over the contractual terms. Subsequent to initial recognition, the financial guarantees are measured at the higher of: (a) their carrying amount, being the amount initially recognised less the cumulative amount amortised to profit or loss, and (b) the loss allowance determined in accordance with Note 2(d)(vi) under SFRS(I) 9.

(n) Undrawn Credit Facilities

Undrawn credit facilities (both revocable and irrevocable) are recorded under commitments and the amount is adjusted for subsequent drawdowns.

(o) Contingent Liabilities

Contingent liabilities are (a) possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or (b) present obligations arising from past events where no provision is recognised either because an outflow of economic benefits is not probable or the amount required to fulfil the obligation cannot be reliably measured.

(p) Revenue Recognition

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive it is established.

Fee and commission income is recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer. For services that are provided over a period of time, fee and commission income is recognised over the service period.

Rental income is recognised on a time proportion basis.

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for the financial year ended 31 December 2023

2. Summary of Significant Accounting Policies (continued)

(q) Employee Compensation/Benefits

Base salaries, cash bonuses, allowances, commissions and defined contributions under regulations are recognised in the income statement when incurred. Leave entitlements are recognised when they accrue to employees based on contractual terms of employment.

Cost of share-based compensation, being the fair value of the equity instrument at grant date, is expensed to the income statement over the vesting period with a corresponding adjustment to the share-based compensation reserve. The cost is reviewed and adjusted accordingly at each balance sheet date to reflect the number of equity instruments expected to vest ultimately.

(r) Dividend Payment

Dividends are accounted for as an appropriation of retained earnings. Interim dividends on ordinary shares and dividends on preference shares are recorded when declared payable while final dividends on ordinary shares are recognised upon approval of equity holders.

(s) Treasury Shares

Ordinary shares of the Bank reacquired are accounted for as treasury shares. Consideration paid, including directly attributable costs, is presented as a deduction from equity. Subsequent cancellation, sale or reissuance of treasury shares is recognised as changes in equity.

3. Critical Accounting Estimates and Judgements

Preparation of the financial statements involves making certain assumptions and estimates. This often requires management's judgement for the appropriate policies, assumptions, inputs and methodologies to be used. As judgements are made based on information available at the time the financial statements are prepared, the ultimate results could differ from those disclosed in the statements due to subsequent changes in the information. The following are the Group's critical accounting estimates that involve judgement:

(i) Allowance for Impairment of Financial Assets

Allowance for impairment of financial assets is determined in accordance with Note 2(d)(vi). This requires management's experience and significant judgement. The process involves assessing various factors such as economic indicators, business prospects, timing and amount of future cash flows and liquidation proceeds from collateral.

(ii) Fair Valuation of Financial Instruments

Fair value of financial instruments is determined in accordance with Notes 2(d)(ii) and 19(a). Valuation of financial instruments that are not quoted in the market or with complex structures requires considerable judgement of management in selecting the appropriate valuation models and data inputs.

(iii) Goodwill and Other Intangible Assets

The fair value of other intangible assets acquired is determined using valuation methodologies that include (a) discounted cash flow model and management's best estimate of future cash flows, and (b) multi-period excess earnings method for customer relationships. Useful lives of these intangible assets are based on management's best estimates of periods over which value from the intangible assets will be realised.

Management reassesses the estimated useful lives at each financial year end, taking into account the period over which the intangible assets are expected to generate future economic benefit.

3. Critical Accounting Estimates and Judgements (continued)

(iii) Goodwill and Other Intangible Assets (continued)

Goodwill and other intangible assets are reviewed for impairment in accordance with Notes 2(i) and 37(c). The process requires management's assessment of key factors such as future economic growth, business forecasts and discount rates.

(iv) Income Taxes

Income taxes are provided in accordance with Note 2(k). The Group is subject to income taxes in various jurisdictions. Provision for these taxes involves interpretation of the tax regulations on certain transactions and computations. In cases of uncertainty, provision is estimated based on the technical merits of the situation.

4. Interest Income

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Loans to customers	**16,529**	10,150	**12,813**	7,373
Placements and balances with banks	**3,163**	1,367	**2,930**	1,200
Government treasury bills and securities	**1,005**	624	**569**	303
Trading and investment securities	**1,545**	721	**1,428**	618
	22,242	12,862	**17,740**	9,494
Of which, interest income on:				
Financial assets measured at amortised cost	**19,929**	11,575	**15,901**	8,626
Financial assets measured at FVPL	**589**	330	**498**	260
Financial assets measured at FVOCI	**1,724**	957	**1,341**	608

5. Interest Expense

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Deposits of customers	**10,096**	3,447	**8,602**	2,634
Deposits and balances of banks and debts issued	**2,460**	1,069	**2,301**	974
Lease payables	**7**	3	**4**	2
	12,563	4,519	**10,907**	3,610
Of which, interest expense on:				
Financial liabilities measured at amortised cost	**12,494**	4,487	**10,843**	3,580
Financial liabilities measured at FVPL	**69**	32	**64**	30

Notes to the Financial Statements

for the financial year ended 31 December 2023

6. Net Fee and Commission Income

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Credit card [1]	**940**	628	**535**	456
Fund management [2]	**203**	222	**#**	–
Wealth management [2]	**595**	573	**439**	441
Loan-related [3]	**644**	695	**543**	587
Service charges [2]	**144**	141	**124**	126
Trade-related [4]	**307**	326	**199**	211
Others [2]	**6**	10	**10**	14
Fee and commission income	**2,839**	2,595	**1,850**	1,835
Fee and commission expenses	**(604)**	(452)	**(325)**	(297)
	2,235	2,143	**1,525**	1,538
Of which, fee and commission from:				
Financial assets not measured at FVPL	**500**	551	**431**	475
Provision of trust and other fiduciary services	**#**	12	**–**	12

\# *Amount less than $500,000*

(1) Credit card fees are net of interchange fees paid.
(2) 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 reclassed accordingly.
(3) Loan-related fees include fees earned from corporate finance activities.
(4) Trade-related fees include trade, remittance and guarantees related fees.

7. Net Trading Income

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Net gain/(loss) from:				
Foreign exchange	**1,287**	821	**907**	619
Interest rate and others	**523**	68	**506**	(14)
Financial liabilities designated at FVPL	**(210)**	175	**(210)**	176
	1,600	1,064	**1,203**	781

8. Net Gain/(Loss) from Investment Securities

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
FVOCI	**106**	(64)	**67**	(89)
Amortised cost	**3**	2	**(17)**	2
Mandatorily at FVPL	**(19)**	(173)	**(68)**	2
	90	(235)	**(18)**	(85)

9. Other Income

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Net gain/(loss) from:				
Disposal of investment properties	**22**	13	**22**	13
Disposal of fixed assets	**1**	2	**#**	#
Disposal/Liquidation of subsidiaries, associates or joint ventures	**(4)**	(4)	**1**	(3)
Intra-group service recovery income	**–**	–	**311**	249
Others	**160**	99	**80**	49
	179	110	**414**	308

\# *Amount less than $500,000*

10. Staff Costs

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Salaries, bonuses and allowances	**2,781**	2,388	**1,780**	1,566
Employer's contribution to defined contribution plans	**220**	201	**132**	129
Share-based compensation	**68**	62	**55**	50
Others	**484**	350	**300**	224
	3,553	3,001	**2,267**	1,969
Of which:				
The Bank's directors' remuneration	**16**	14	**16**	14

Notes to the Financial Statements

for the financial year ended 31 December 2023

11. Other Operating Expenses

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Revenue-related	**1,027**	729	**441**	384
Occupancy-related	**363**	319	**216**	204
IT-related	**1,006**	770	**744**	651
Others	**268**	462	**232**	160
	2,664	2,280	**1,633**	1,399
Of which:				
Directors' fees	**5**	5	**3**	3
Depreciation of fixed assets and investment properties	**500**	444	**363**	338
Depreciation of right-of-use assets	**96**	89	**66**	63
Auditors' remuneration paid/payable to:				
Auditors of the Bank	**5**	4	**4**	3
Affiliates of auditors of the Bank	**3**	3	**1**	1
Other auditors	**#**	#	**#**	#
Non-audit fees paid/payable to:				
Auditors of the Bank	**1**	1	**1**	1
Affiliates of auditors of the Bank	**1**	1	**1**	1
Other auditors	**#**	#	**#**	#
Expenses on investment properties	**57**	47	**38**	33
Fee expenses arising from financial liabilities not at FVPL	**131**	92	**35**	27
One-off expenses related to acquisition of consumer business (1)	**394**	255	**–**	–

Amount less than $500,000

(1) Includes stamp duty paid of $176 million in 2022.

12. Allowance for Credit and Other Losses

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Stage 1 and 2 ECL allowance/(write-back)	**111**	(154)	**61**	(83)
Stage 3 ECL allowance/(write-back) for:				
Loans (Note 28(d))	**807**	694	**318**	365
Others	**6**	15	**(2)**	2
(Write-back)/Allowance for other losses	**(3)**	48	**(15)**	76
	921	603	**362**	360

13. Tax

The tax charge to the income statements comprises the following:

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
On profit for the financial year				
Current tax	**1,243**	1,268	**934**	861
Deferred tax	**(89)**	(60)	**(2)**	11
	1,154	1,208	**932**	872
(Over)/Under-provision of prior years				
Current tax	**(28)**	(26)	**(20)**	(15)
Deferred tax	**(3)**	1	**–**	(1)
Share of tax of associates and joint ventures	**15**	19	**–**	–
	1,138	1,202	**912**	856

The tax charge on profit for the financial year differs from the theoretical amount computed using Singapore corporate tax rate due to the following factors:

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Operating profit after allowance	**6,770**	5,688	**5,889**	4,893
Prima facie tax calculated at tax rate of 17% (2022: 17%)	**1,151**	967	**1,001**	832
Effects of:				
Income taxed at concessionary rates	**(200)**	(88)	**(198)**	(87)
Different tax rates in other countries	**181**	262	**116**	113
Income not subject to tax	**(55)**	(22)	**(31)**	(30)
Expenses not deductible for tax	**88**	94	**63**	45
Others	**(11)**	(5)	**(19)**	(1)
Tax expense on profit for the financial year	**1,154**	1,208	**932**	872

Pillar Two Global Anti-Base Erosion model rules

OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

As at 31 December 2023, the Pillar Two legislation was enacted but not yet effective in the following jurisdictions in which the Group operates:

(i) France: the Income Inclusion Rule (IIR) and Qualified Domestic Minimum Top-up Tax (QDMTT) with effect from accounting periods beginning on or after 31 December 2023 and the Undertaxed Payments Rule (UTPR) with effect from accounting periods beginning on or after 31 December 2024;

(ii) Japan: the IIR with effect from accounting periods beginning on or after 1 April 2024;

(iii) Malaysia: the IIR and QDMTT with effect from accounting periods beginning on or after 1 January 2025;

(iv) South Korea: the IIR with effect from accounting periods beginning on or after 1 January 2024 and the UTPR with effect from accounting periods beginning on or after 1 January 2025;

(v) United Kingdom: the IIR and QDMTT with effect from accounting periods beginning on or after 31 December 2023; and

(vi) Vietnam: the IIR and QDMTT with effect from accounting periods beginning on or after 1 January 2024.

13. Tax (continued)

Pillar Two Global Anti-Base Erosion model rules (continued)

As the Pillar Two legislation above is effective after 31 December 2023, there is no tax impact for the year ended 31 December 2023.

The Pillar Two legislation will apply to the operations of the Group from 1 January 2024 in France, South Korea, United Kingdom and Vietnam. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes in 2024. The assessment of the potential exposure to the Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the relevant Constituent Entities of the Group. Based on the assessment, the Group does not expect a material exposure to Pillar Two taxes in France, South Korea, United Kingdom and Vietnam on the basis that the Group's Constituent Entities in France, South Korea, United Kingdom and Vietnam are expected to qualify for the transitional safe harbour rule under the relevant Pillar Two legislation.

A number of jurisdictions in which the Group operates, other than France, Japan, Malaysia, South Korea, United Kingdom and Vietnam, have announced the implementation of the Pillar Two legislation in the future, but as at 31 December 2023, have not substantively enacted (or issued relevant legislation on) the Pillar Two model rules. The potential exposure, if any, to the Pillar Two income taxes beyond 2024 is currently not known or reasonably estimable. The Group will continue monitoring the implementation of the Pillar Two legislation in other jurisdictions where the Group operates and make further assessments of the impact of the rules on the Group in due course.

14. Earnings Per Share

Basic and diluted earnings per share (EPS) are determined as follows:

	The Group	
In $ millions	**2023**	2022
Profit attributable to equity holders of the Bank	**5,711**	4,573
Distribution on perpetual capital securities	**(114)**	(76)
Adjusted profit	**5,597**	4,497
Weighted average number of ordinary shares ('000)		
In issue	**1,674,126**	1,673,952
Adjustment for potential ordinary shares under share-based compensation plan	**6,814**	6,629
Diluted	**1,680,940**	1,680,581
EPS ($)		
Basic	**3.34**	2.69
Diluted	**3.33**	2.68

15. Share Capital and Other Capital

(a)

	2023		2022	
	Number of shares '000	**Amount $ millions**	Number of shares '000	Amount $ millions
Ordinary shares				
Balance at 1 January and 31 December	**1,685,923**	**5,351**	1,685,923	5,351
Treasury shares				
Balance at 1 January	**(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 31 December	**(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

(b) The ordinary shares have no par value and are fully paid. The holders of ordinary shares (excluding treasury shares) have unrestricted rights to dividends, return of capital and voting.

(c) During the financial year, the Bank issued 2,929,000 (2022: 2,619,000) treasury shares to participants of the share-based compensation plan.

Notes to the Financial Statements

for the financial year ended 31 December 2023

15. Share Capital and Other Capital (continued)

(d) The 3.875% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 19 October 2017. The capital securities were perpetual securities and redeemed by the Bank on 19 October 2023. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 3.875% per annum, subject to a reset on 19 October 2023 (and every five years thereafter) to a rate equal to the prevailing five-year United States Dollar Swap Rate plus the initial spread of 1.794%. Distributions are payable semi-annually on 19 April and 19 October of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

(e) The 3.58% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 17 July 2019. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 17 July 2026 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 3.58% per annum, subject to a reset on 17 July 2026 (and every seven years thereafter) to a rate equal to the prevailing seven-year Singapore Dollar Swap Offer Rate (SOR) plus the initial margin of 1.795%. Distributions are payable semi-annually on 17 January and 17 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

(f) The 2.25% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 15 January 2021. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 15 January 2026 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 2.25% per annum, subject to a reset on 15 January 2026 (and every five years thereafter) to a rate equal to the prevailing five-year Singapore Overnight Rate Average Overnight Indexed Swap (SORA OIS) plus the initial margin of 1.81%. Distributions are payable semi-annually on 15 January and 15 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

15. Share Capital and Other Capital (continued)

(g) The 2.55% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 22 June 2021. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 22 June 2028 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 2.55% per annum, subject to a reset on 22 June 2028 (and every seven years thereafter) to a rate equal to the prevailing seven-year SORA OIS plus the initial margin of 1.551%. Distributions are payable semi-annually on 22 June and 22 December of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

(h) The 4.25% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 4 July 2022. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 4 October 2027 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 4.25% per annum, subject to a reset on 4 October 2027 (and every five years thereafter) to a rate equal to the prevailing five-year SORA OIS plus the initial margin of 1.47%. Distributions are payable semi-annually on 4 January and 4 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

(i) The 5.25% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 19 January 2023. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 19 January 2028 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 5.25% per annum, subject to a reset on 19 January 2028 (and every five years thereafter) to a rate equal to the prevailing five-year SORA OIS plus the initial margin of 2.393%. Distributions are payable semi-annually on 19 January and 19 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

16. Retained Earnings

(a)

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Balance at 1 January	**28,925**	26,431	**21,192**	19,224
Profit for the financial year attributable to equity holders of the Bank	**5,711**	4,573	**4,977**	4,037
Net (loss)/gain on equity instruments at FVOCI	**(21)**	14	**(22)**	9
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**#**	#	**#**	#
Redemption of perpetual capital securities	**(1)**	–	**(1)**	–
Remeasurement of defined benefit obligation	**(3)**	5	**#**	#
Transfer (to)/from other reserves	**(28)**	(18)	**–**	1
Change in non-controlling interests	**–**	(1)	**–**	–
Dividends				
Ordinary shares				
Final dividend of 75 cents (2022: 60 cents) tax-exempt per share paid in respect of prior financial year	**(1,258)**	(1,005)	**(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)	**(1,423)**	(1,005)
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017	**(29)**	(30)	**(29)**	(30)
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019	**(23)**	(23)	**(23)**	(23)
2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021	**(3)**	(3)	**(3)**	(3)
2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021	**(13)**	(13)	**(13)**	(13)
4.25% non-cumulative non-convertible perpetual capital securities issued on 4 July 2022	**(15)**	–	**(15)**	–
5.25% non-cumulative non-convertible perpetual capital securities issued on 19 January 2023	**(19)**	–	**(19)**	–
	(2,783)	(2,079)	**(2,783)**	(2,079)
Balance at 31 December	**31,800**	28,925	**23,363**	21,192

Amount less than $500,000

(b) The retained earnings are distributable reserves except for an amount of $737 million (2022: $688 million), being the Group's share of revenue reserves of associates and joint ventures which is distributable only upon realisation by way of dividend from or disposal of investment in the associates and joint ventures.

(c) 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 $1,421 million. The proposed dividend will be accounted for in Year 2024 financial statements upon approval of the equity holders of the Bank.

17. Other Reserves

(a)

	The Group									
In $ millions	Fair value reserve	Cash flow hedge reserve	Foreign currency translation reserve	Share-based compensation reserve	Merger reserve	Statutory reserve	General reserve	Share of reserves of associates and joint ventures	Others	Total
2023										
Balance at 1 January	**(903)**	**(4)**	**(2,287)**	**95**	**3,056**	**755**	**6,213**	**71**	**(410)**	**6,586**
Other comprehensive income for the financial year	**471**	**3**	**(387)**	**–**	**–**	**–**	**–**	**(21)**	**–**	**66**
Transfers	**–**	**–**	**–**	**–**	**–**	**28**	**–**	**–**	**–**	**28**
Share-based compensation	**–**	**–**	**–**	**64**	**–**	**–**	**–**	**–**	**–**	**64**
Shares issued under share-based compensation plan	**–**	**–**	**–**	**(59)**	**–**	**–**	**–**	**–**	**(11)**	**(70)**
Balance at 31 December	**(432)**	**(1)**	**(2,674)**	**100**	**3,056**	**783**	**6,213**	**50**	**(421)**	**6,674**
2022										
Balance at 1 January	533	–	(1,500)	93	3,057	735	6,213	84	(404)	8,811
Other comprehensive income for the financial year	(1,436)	(4)	(787)	–	–	–	–	(13)	–	(2,240)
Transfers	–	–	–	–	(1)	20	–	–	(1)	18
Share-based compensation	–	–	–	60	–	–	–	–	–	60
Shares issued under share-based compensation plan	–	–	–	(58)	–	–	–	–	(5)	(63)
Balance at 31 December	(903)	(4)	(2,287)	95	3,056	755	6,213	71	(410)	6,586

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for the financial year ended 31 December 2023

17. Other Reserves (continued)

(a) (continued)

	The Bank								
In $ millions	Fair value reserve	Cash flow hedge reserve	Foreign currency translation reserve	Share-based compensation reserve	Merger reserve	Statutory reserve	General reserve	Others	Total
2023									
Balance at 1 January	**(866)**	**(4)**	**(170)**	**95**	**3,056**	**328**	**5,720**	**(75)**	**8,084**
Other comprehensive income for the financial year	**341**	**5**	**5**	**–**	**–**	**–**	**–**	**–**	**351**
Share-based compensation	**–**	**–**	**–**	**64**	**–**	**–**	**–**	**–**	**64**
Shares issued under share-based compensation plan	**–**	**–**	**–**	**(59)**	**–**	**–**	**–**	**(11)**	**(70)**
Balance at 31 December	**(525)**	**1**	**(165)**	**100**	**3,056**	**328**	**5,720**	**(86)**	**8,429**
2022									
Balance at 1 January	435	–	(95)	93	3,057	328	5,720	(70)	9,468
Other comprehensive income for the financial year	(1,301)	(4)	(75)	–	–	–	–	–	(1,380)
Transfers	–	–	–	–	(1)	–	–	–	(1)
Share-based compensation	–	–	–	60	–	–	–	–	60
Shares issued under share-based compensation plan	–	–	–	(58)	–	–	–	(5)	(63)
Balance at 31 December	(866)	(4)	(170)	95	3,056	328	5,720	(75)	8,084

(b) Fair value reserve contains cumulative fair value changes of FVOCI financial assets and changes attributable to own credit risk. The cumulative amount attributable to own credit risk is an unrealised loss of $16 million (2022: $2 million) for the Group and unrealised loss of $14 million (2022: unrealised gain of $1 million) for the Bank.

(c) Cash flow hedge reserve represents the effective portion of the change in fair value of derivatives designated as hedging instruments in cash flow hedges. The amount in reserve is reclassified to the income statement when the underlying hedged item affects profit or loss or when a forecast transaction is no longer expected to occur.

(d) Foreign currency translation reserve represents differences arising from the use of year-end exchange rates versus historical rates in translating the net assets of foreign operations, net of the effective portion of the fair value changes of related hedging instruments.

(e) Share-based compensation reserve reflects the Bank's and the Group's commitments under the share-based compensation plan.

(f) Merger reserve represents the premium on shares issued in connection with the acquisition of Overseas Union Bank Limited.

(g) Statutory reserve includes regulatory loss allowance reserve and reserve maintained in accordance with the provisions of applicable laws and regulations.

(h) General reserve has not been earmarked for any specific purpose.

(i) Share of reserves of associates and joint ventures comprises the Group's share of associates' and joint ventures' reserves, other than retained earnings. These reserves are non-distributable until they are realised by way of dividend from or disposal of investment in the associates and joint ventures.

(j) Other reserves are maintained for capital-related transactions such as transactions associated with non-controlling interests, business combination and bonus share issuance by subsidiaries.

18. Classification of Financial Assets and Financial Liabilities

(a)

In $ millions	The Group Mandatorily at FVPL	Designated as FVPL	FVOCI	AC	Total
2023					
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**

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for the financial year ended 31 December 2023

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

	The Group				
In $ millions	Mandatorily at FVPL	Designated as FVPL	FVOCI	AC	Total
2022					
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

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

In $ millions	Mandatorily at FVPL	Designated as FVPL	FVOCI	AC	Total
	The Bank				
2023					
Cash, balances and placements with central banks	**1,467**	**–**	**30**	**44,547**	**46,044**
Singapore government treasury bills and securities	**359**	**–**	**7,661**	**5,302**	**13,322**
Other government treasury bills and securities	**608**	**–**	**9,544**	**992**	**11,144**
Trading securities	**2,913**	**–**	**–**	**–**	**2,913**
Placements and balances with banks	**10,509**	**–**	**2,610**	**14,111**	**27,230**
Loans to customers	**3,470**	**–**	**–**	**242,866**	**246,336**
Placements with and advances to subsidiaries	**1,423**	**–**	**–**	**16,342**	**17,765**
Derivative financial assets	**8,412**	**–**	**–**	**–**	**8,412**
Investment securities					
Debt	**459**	**–**	**28,303**	**12,760**	**41,522**
Equity	**258**	**–**	**1,263**	**–**	**1,521**
Other assets	**2,626**	**–**	**2**	**3,722**	**6,350**
Total financial assets	**32,504**	**–**	**49,413**	**340,642**	**422,559**
Non-financial assets					**14,220**
Total assets					**436,779**
Deposits and balances of banks, customers and subsidiaries	**2,408**	**1,466**	**–**	**340,401**	**344,275**
Bills and drafts payable	**–**	**–**	**–**	**702**	**702**
Derivative financial liabilities	**10,433**	**–**	**–**	**–**	**10,433**
Other liabilities	**960**	**210**	**–**	**4,360**	**5,530**
Debts issued	**–**	**2,788**	**–**	**31,358**	**34,146**
Total financial liabilities	**13,801**	**4,464**	**–**	**376,821**	**395,086**
Non-financial liabilities					**2,149**
Total liabilities					**397,235**

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for the financial year ended 31 December 2023

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

	The Bank				
In $ millions	Mandatorily at FVPL	Designated as FVPL	FVOCI	AC	Total
2022					
Cash, balances and placements with central banks	1,660	–	1,607	40,282	43,549
Singapore government treasury bills and securities	307	–	6,447	5,302	12,056
Other government treasury bills and securities	763	–	6,033	1,006	7,802
Trading securities	3,642	–	–	–	3,642
Placements and balances with banks	7,040	–	2,304	15,573	24,917
Loans to customers	2,537	–	–	243,322	245,859
Placements with and advances to subsidiaries	1,180	–	–	21,805	22,985
Derivative financial assets	12,463	–	–	–	12,463
Investment securities					
Debt	36	–	19,855	10,442	30,333
Equity	337	–	1,493	–	1,830
Other assets	1,681	–	–	3,500	5,181
Total financial assets	31,646	–	37,739	341,232	410,617
Non-financial assets					13,688
Total assets					424,305
Deposits and balances of banks, customers and subsidiaries	2,072	1,477	–	323,177	326,726
Bills and drafts payable	–	–	–	622	622
Derivative financial liabilities	14,669	–	–	–	14,669
Other liabilities	1,723	168	–	2,932	4,823
Debts issued	–	2,459	–	35,861	38,320
Total financial liabilities	18,464	4,104	–	362,592	385,160
Non-financial liabilities					2,014
Total liabilities					387,174

(b) Certain financial derivatives were designated as hedging instruments for fair value hedges and cash flow hedges as set out in Note 41.

(c) For the financial instruments designated as FVPL, the amounts payable at maturity are as follows:

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Financial liabilities				
Deposits and balances of banks and customers	**2,298**	1,736	**1,474**	1,493
Debts issued	**3,183**	2,877	**3,145**	2,875
Other liabilities	**184**	951	**173**	168
	5,665	5,564	**4,792**	4,536

19. Fair Values of Financial Instruments

(a) The valuation process adopted by the Group is governed by the valuation, market data, and valuation adjustment policies. These policies set the methodologies and controls for the valuation of financial assets and liabilities where mark-to-market or mark-to-model is required. These policies apply to all assets and liabilities classified as FVPL and FVOCI. The valuation processes incorporating the market rates, the methodologies and models, including the analysis of the valuation are regularly reviewed by Group Risk Management. Processes and controls are also subject to periodic reviews by internal auditors.

The valuation inputs are independently verified by checking against information from market sources. These are applicable to products or instruments with liquid markets or those traded on an exchange. Where market prices are not liquid, additional techniques will be used such as historical estimation or available proxies as additional reasonableness checks. Where products or instruments are complex, the Group utilises approved valuation models. All valuation models are independently validated by Group Risk Management.

Fair value for instruments classified as Level 2 use inputs such as yield curves, volatilities and market prices which are observable and of high reliability.

When unobservable inputs are used in the valuation models for Level 3 financial assets or liabilities, apart from utilising market proxies, other valuation techniques such as cash flow, profit and loss or net asset value in financial statements are used as a reasonableness check.

The valuation process is supplemented by valuation adjustments for valuation uncertainties. Valuation adjustment methodologies and adjustments are approved by the Group Asset and Liability Committee (ALCO).

The valuation adjustments include bid/offer rate adjustments, illiquidity adjustments and other adjustments such as Day 1 profit adjustments, where applicable. Adjustments are also considered for use of proxies, models or estimated parameters.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2023

19. Fair Values of Financial Instruments (continued)

(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					
	2023			2022		
In $ millions	**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

19. Fair Values of Financial Instruments (continued)

(b) (continued)

	The Bank					
	2023			2022		
In $ millions	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	479	1,018	–	772	2,495	–
Singapore government treasury bills and securities	8,020	–	–	6,754	–	–
Other government treasury bills and securities	9,875	277	–	6,455	341	–
Trading securities	188	2,715	10	1,075	2,563	4
Placements and balances with banks	–	13,119	–	–	9,344	–
Loans to customers	–	3,470	–	–	2,537	–
Placements with and advances to subsidiaries	–	1,423	–	–	1,180	–
Derivative financial assets	46	7,952	414	54	11,965	444
Investment securities						
Debt	2,662	24,429	1,671	2,618	16,025	1,248
Equity	784	–	737	814	–	1,016
Other assets	2,606	22	–	1,658	23	–
	24,660	54,425	2,832	20,200	46,473	2,712
Total financial assets carried at fair value			81,917			69,385
Deposits and balances of banks, customers and subsidiaries	–	3,874	–	–	3,549	–
Derivative financial liabilities	249	9,998	186	174	14,261	234
Other liabilities	357	813	–	197	1,694	–
Debts issued	–	2,788	–	–	2,459	–
	606	17,473	186	371	21,963	234
Total financial liabilities carried at fair value			18,265			22,568

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for the financial year ended 31 December 2023

19. Fair Values of Financial Instruments (continued)

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

The Group

In $ millions	Balance at 1 January	Fair value gains or losses: Income statement	Fair value gains or losses: Other comprehensive income	Purchases	Settlements	Transfer in/(out)	Balance at 31 December	Unrealised gains or losses included in income statement
2023								
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)**
2022								
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

The Bank

In $ millions	Balance at 1 January	Fair value gains or losses: Income statement	Fair value gains or losses: Other comprehensive income	Purchases	Settlements	Transfer out	Balance at 31 December	Unrealised gains or losses included in income statement
2023								
Assets								
Trading securities	**4**	**–**	**–**	**10**	**(4)**	**–**	**10**	**–**
Derivative financial assets	**444**	**(30)**	**–**	**–**	**–**	**–**	**414**	**(30)**
Investment securities – debt	**1,248**	**–**	**(1)**	**824**	**(141)**	**(259)[1]**	**1,671**	**–**
Investment securities – equity	**1,016**	**(7)**	**(176)**	**1**	**(97)**	**–**	**737**	**(7)**
Liabilities								
Derivative financial liabilities	**234**	**(48)**	**–**	**–**	**–**	**–**	**186**	**(48)**
2022								
Assets								
Trading securities	153	–	–	–	(149)	–	4	–
Derivative financial assets	98	346	–	–	–	–	444	346
Investment securities – debt	657	–	(28)	1,023	–	(404)[1]	1,248	–
Investment securities – equity	1,182	(6)	(128)	56	(88)	–	1,016	(6)
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.

19. Fair Values of Financial Instruments (continued)

(d) *Effect of changes in significant unobservable inputs*

At 31 December 2023, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted equity investments and funds, debt securities, long dated equity derivatives, equity derivatives with basket underlying and callable interest rate swaps with multiple calls, summarised as follows:

In $ millions	The Group 2023	2022	Classification	Valuation technique	Unobservable inputs
Assets					
Trading securities – debt	**352**	29	FVPL	Discounted Cash Flow	Credit Spreads
Derivative financial assets	**424**	444	FVPL	Option Pricing Model	Volatilities and Correlations
Investment securities – debt	**1,984**	1,620	FVOCI/FVPL	Discounted Cash Flow and Option Pricing Model	Credit Spreads, Volatilities and Correlations
Investment securities – equity	**1,547**	1,776	FVOCI/FVPL	Multiples, Net Asset Value and Recent Transaction Price	Net Asset Value, Earnings and Financial Ratio Multiples
Liabilities					
Derivative financial liabilities	**195**	234	FVPL	Option Pricing Model	Volatilities and Correlations

In estimating significance, the Group performed sensitivity analyses based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs. The methodologies used can be statistical or based on other relevant approved techniques.

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

20. Deposits and Balances of Customers

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Fixed deposits	**180,019**	175,965	**141,618**	140,525
Savings deposits	**98,689**	88,979	**72,003**	61,977
Current accounts	**89,949**	86,152	**73,439**	69,648
Others	**16,812**	17,457	**16,240**	16,874
	385,469	368,553	**303,300**	289,024

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for the financial year ended 31 December 2023

21. Other Liabilities

(a)

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Accrued interest payable	**2,078**	1,173	**1,821**	1,009
Accrued operating expenses	**1,908**	1,675	**1,153**	930
ECL allowance (Note 21(b))	**313**	222	**166**	117
Lease liabilities (Note 21(c))	**264**	254	**192**	189
Sundry creditors	**2,526**	4,363	**1,815**	2,825
Others	**1,753**	1,116	**1,423**	878
	8,842	8,803	**6,570**	5,948

(b) *Movements in ECL allowance for commitments and contingent liabilities*

	The Group			
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2023				
Balance at 1 January	**156**	**48**	**18**	**222**
Transfers between Stages	**9**	**(9)**	**#**	**–**
Remeasurement [(1)]	**(8)**	**20**	**1**	**13**
Changes in models [(2)]	**20**	**(1)**	**–**	**19**
Charge/(Write-back) to income statement	**28**	**32**	**(8)**	**52**
Currency translation and other adjustments [(3)]	**7**	**1**	**(1)**	**7**
Balance at 31 December	**212**	**91**	**10**	**313**
2022				
Balance at 1 January	203	78	12	293
Transfers between Stages	27	(27)	#	–
Remeasurement [(1)]	(18)	14	7	3
Changes in models [(2)]	(30)	(5)	–	(35)
Write-back to income statement	(19)	(10)	(2)	(31)
Currency translation adjustments	(7)	(2)	1	(8)
Balance at 31 December	156	48	18	222

\# *Amount less than $500,000*

(1) Remeasurement relates to the changes in ECL following a transfer between Stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.
(3) Includes the impact on allowance arising from the exposures of acquisition of consumer business.

21. Other Liabilities (continued)

(b) *Movements in ECL allowance for commitments and contingent liabilities (continued)*

	The Bank			
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2023				
Balance at 1 January	**87**	**26**	**4**	**117**
Transfers between Stages	**3**	**(3)**	**#**	**–**
Remeasurement [1]	**(3)**	**11**	**–**	**8**
Changes in models [2]	**20**	**#**	**–**	**20**
Charge/(Write-back) to income statement	**13**	**10**	**(1)**	**22**
Currency translation adjustments	**(1)**	**#**	**–**	**(1)**
Balance at 31 December	**119**	**44**	**3**	**166**
2022				
Balance at 1 January	133	28	1	162
Transfers between Stages	2	(2)	#	–
Remeasurement [1]	(2)	6	#	4
Changes in models [2]	(24)	(2)	–	(26)
(Write-back)/Charge to income statement	(21)	(4)	2	(23)
Currency translation adjustments	(1)	#	1	#
Balance at 31 December	87	26	4	117

Amount less than $500,000

(1) Remeasurement relates to the changes in ECL following a transfer between Stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

(c) *Contractual maturity for lease liabilities*

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Maturity for lease liabilities				
Within 1 year	**82**	68	**58**	51
Over 1 to 5 years	**172**	169	**133**	134
Over 5 years	**10**	17	**1**	4
	264	254	**192**	189

22. Deferred Tax

(a) Deferred tax comprises the following:

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Deferred tax liabilities on:				
Unrealised gain on FVOCI financial assets	**34**	8	**13**	11
Accelerated tax depreciation	**279**	245	**267**	234
Unrealised gain on financial instruments at FVPL	**167**	106	**–**	–
Depreciable assets acquired in business combination	**34**	36	**20**	21
Others	**95**	42	**72**	47
	609	437	**372**	313
Amount offset against deferred tax assets	**(96)**	(77)	**(88)**	(74)
	513	360	**284**	239
Deferred tax assets on:				
Allowance for impairment	**329**	296	**135**	107
Unrealised loss on FVOCI financial assets	**26**	40	**22**	32
Unrealised loss on financial instruments at FVPL	**188**	104	**–**	–
Others	**305**	197	**85**	56
	848	637	**242**	195
Amount offset against deferred tax liabilities	**(96)**	(77)	**(88)**	(74)
	752	560	**154**	121
Net deferred tax assets/(liabilities)	**239**	200	**(130)**	(118)

(b) Movements in deferred tax during the financial year are as follows:

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Balance at 1 January	**200**	79	**(118)**	(143)
Currency translation adjustments/others	**(16)**	(19)	**(2)**	(6)
Depreciable assets acquired in business combination	**–**	5	**–**	–
Credit/(Charge) to income statement	**92**	59	**2**	(10)
(Charge)/Credit to equity	**(37)**	76	**(12)**	41
Balance at 31 December	**239**	200	**(130)**	(118)

The Group has not recognised deferred tax assets in respect of tax losses of $30 million (2022: $27 million) which can be carried forward to offset against future taxable income, subject to meeting certain statutory requirements of the relevant tax authorities. These tax losses have no expiry date except for an amount of $14 million (2022: $11 million) which will expire between the years 2024 and 2032 (2022: 2024 and 2030).

23. Debts Issued

(a)

In $ millions		Issue/ Maturity date	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Subordinated notes	**Note (b)**					
HKD700 million 3.19% notes callable in 2023	(i)	26 Aug 2016/ 26 Aug 2028	**–**	118	**–**	118
SGD750 million 3.50% notes callable in 2024	(ii)	27 Feb 2017/ 27 Feb 2029	**748**	734	**748**	734
USD600 million 3.75% notes callable in 2024	(iii)	15 Apr 2019/ 15 Apr 2029	**783**	779	**783**	779
USD600 million 1.75% notes callable in 2026	(iv)	16 Sep 2020/ 16 Mar 2031	**734**	724	**734**	724
USD750 million 2.00% notes callable in 2026	(v)	14 Apr 2021/ 14 Oct 2031	**904**	891	**904**	891
CNH650 million 4.50% notes callable in 2027	(vi)	6 Apr 2022/ 6 Apr 2032	**121**	125	**121**	125
USD1 billion 3.863% notes callable in 2027	(vii)	7 Apr 2022/ 7 Oct 2032	**1,249**	1,250	**1,249**	1,250
RM600 million 4.80% notes callable in 2023	(viii)	25 Jul 2018/ 25 Jul 2028	**–**	182	**–**	–
RM750 million 3.00% notes callable in 2025	(ix)	3 Aug 2020/ 2 Aug 2030	**216**	228	**–**	–
RM1 billion 4.91% notes callable in 2027	(x)	27 Oct 2022/ 27 Oct 2032	**287**	305	**–**	–
THB13.735 billion 4.07% notes callable in 2027	(xi)	7 Jun 2022/ 7 Jun 2032	**532**	538	**–**	–
THB5 billion 4.00% notes callable in 2029	(xii)	19 Sep 2022/ 19 Sep 2034	**39**	39	**–**	–
THB12 billion 5.10% notes callable in 2028	(xiii)	23 May 2023/ Perpetual	**1**	–	**–**	–
IDR100 billion 9.40% notes	(xiv)	25 Nov 2016/ 25 Nov 2023	**–**	9	**–**	–
IDR500 billion 9.25% notes	(xv)	17 Oct 2017/ 17 Oct 2024	**43**	43	**–**	–
IDR100 billion 9.85% notes	(xvi)	5 Jul 2019/ 5 Jul 2026	**8**	9	**–**	–
IDR650 billion 9.25% notes	(xvii)	13 Nov 2019/ 13 Nov 2026	**56**	56	**–**	–
IDR100 billion 8.00% notes	(xviii)	8 Mar 2022/ 8 Mar 2029	**8**	8	**–**	–
CNY1 billion 4.80% notes callable in 2024	(xix)	19 Nov 2019/ 19 Nov 2029	**176**	183	**–**	–
Total subordinated notes			**5,905**	6,221	**4,539**	4,621

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23. Debts Issued (continued)

(a) (continued)

In $ millions		The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Other debts	**Note (c)**				
Commercial papers	(i)	**12,790**	17,078	**12,790**	17,078
Covered bonds	(ii)	**6,561**	7,456	**6,561**	7,456
Equity-linked notes	(iii)	**349**	60	**349**	60
Fixed rate notes	(iv)	**4,058**	3,288	**3,310**	2,617
Floating rate notes	(v)	**4,157**	4,089	**4,157**	4,089
Interest rate-linked notes	(vi)	**911**	834	**911**	834
Others	(vii)	**1,549**	1,567	**1,529**	1,565
Total other debts		**30,375**	34,372	**29,607**	33,699
Total debts issued		**36,280**	40,593	**34,146**	38,320
Of which, fair value hedge gain:					
Subordinated notes		**(212)**	(328)	**(214)**	(328)
Other debts		**(497)**	(775)	**(496)**	(775)

(b) *Subordinated notes*

Subordinated notes are redeemable at par at the option of the issuers, in whole but not in part, or at the occurrence of a tax event or change of qualification event, subject to the prior approval of the relevant regulators and other redemption conditions. As a Basel III capital instrument, the subordinated notes can be written off in whole or in part if the issuer was determined by the regulators to be non-viable.

(i) Issued by the Bank with interest payable quarterly at a fixed rate of 3.19% per annum up to but excluding 26 August 2023. From and including 26 August 2023, the interest rate shall be reset to a fixed rate equal to the prevailing five-year Hong Kong Dollar Swap Rate plus 1.95%. The notes were redeemed on 26 August 2023.

(ii) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 27 February 2024. From and including 27 February 2024, the interest rate shall be reset to a fixed rate equal to the prevailing five-year Singapore Dollar SOR plus 1.08%.

(iii) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.75% per annum up to but excluding 15 April 2024. From and including 15 April 2024, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Initial Spread of 1.50%.

(iv) Issued by the Bank with interest payable semi-annually at a fixed rate of 1.75% per annum up to but excluding 16 March 2026. From and including 16 March 2026, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Initial Spread of 1.52%.

(v) Issued by the Bank with interest payable semi-annually at a fixed rate of 2.00% per annum up to but excluding 14 October 2026. From and including 14 October 2026, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Initial Spread of 1.23%.

(vi) Issued by the Bank with interest payable semi-annually at a fixed rate of 4.50% per annum.

23. Debts Issued (continued)

(b) *Subordinated notes (continued)*

(vii) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.863% per annum up to but excluding 7 October 2027. From and including 7 October 2027, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Reset Spread of 1.455%.

(viii) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 4.80% per annum. The notes were redeemed on 25 July 2023.

(ix) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 3.00% per annum. The notes are redeemable on 1 August 2025 or at any interest payment date thereafter.

(x) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 4.91% per annum. The notes are redeemable on 27 October 2027 or at any interest payment date thereafter.

(xi) Issued by United Overseas Bank (Thai) Public Company Limited with interest payable quarterly at a fixed rate of 4.07% per annum. The notes are redeemable on 7 June 2027 or at any interest payment date thereafter.

(xii) Issued by United Overseas Bank (Thai) Public Company Limited with interest payable quarterly at a fixed rate of 4.00% per annum. The notes are redeemable on 19 September 2029 or at any interest payment date thereafter. THB4 billion of the notes were subscribed by the Bank.

(xiii) Issued by United Overseas Bank (Thai) Public Company Limited with interest payable quarterly at a fixed rate of 5.10% per annum. The notes are perpetual with no maturity date. The notes are redeemable on 23 May 2028 or at any interest payment date thereafter. THB11.960 million of the notes were subscribed by the Bank.

(xiv) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.40% per annum. The notes were redeemed on 25 November 2023.

(xv) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.25% per annum.

(xvi) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.85% per annum.

(xvii) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.25% per annum.

(xviii) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 8.00% per annum.

(xix) Issued by United Overseas Bank (China) Limited with interest payable annually at a fixed rate of 4.80% per annum.

23. Debts Issued (continued)

(c) *Other debts*

(i) The commercial papers were issued by the Bank between 21 August 2023 and 15 December 2023, and mature between 4 January 2024 and 1 July 2024. Interest rates of the papers ranged from 5.48% to 5.66% per annum (2022: 4.04% to 5.06% per annum).

(ii) As at 31 December 2023, there were five covered bonds outstanding comprising:

EUR500 million fixed rate covered bonds issued by the Bank on 16 January 2018 at 99.412 with maturity on 16 January 2025. Interest is payable annually at a fixed rate of 0.50% per annum.

EUR1 billion fixed rate covered bonds issued by the Bank on 1 December 2020 at 101.553 with maturity on 1 December 2027. Interest is payable annually at a fixed rate of 0.01% per annum.

EUR750 million fixed rate covered bonds issued by the Bank on 25 May 2021 at 99.809 with maturity on 25 May 2029. Interest is payable annually at a fixed rate of 0.10% per annum.

GBP850 million floating rate covered bonds issued by the Bank on 21 September 2021 at 103.52 with maturity on 21 September 2026. Interest is payable quarterly at a compounded daily Sterling Overnight Index Average (SONIA) plus 1.00% per annum.

EUR1,500 million fixed rate covered bonds issued by the Bank on 17 March 2022 at par value with maturity on 17 March 2025. Interest is payable annually at a fixed rate of 0.387% per annum.

(iii) The equity-linked notes, with embedded equity derivatives, were issued at par with maturities ranging from 5 January 2024 to 3 April 2025. The periodic payments and payouts of the notes at maturity are linked to the closing value of certain underlying equities or equity indices.

(iv) The fixed rate notes comprise notes issued by the Group with maturities ranging from 16 January 2024 to 20 July 2026. Interest is payable semi-annually and annually at a fixed rate as follows:

Currency notes	Interest rate
AUD	4.64% per annum
CNY	2.88% per annum
HKD	0.64% to 5.03% per annum
IDR	5.65% per annum
THB	0.97% to 2.99% per annum
USD	1.21% to 3.06% per annum

(v) The floating rate notes comprise mainly notes issued at par with maturities ranging from 14 February 2024 to 24 February 2027. Interest is payable quarterly at a floating rate.

(vi) The interest rate-linked notes, with embedded interest rate derivatives, were issued at par with maturities ranging from 9 October 2030 to 16 September 2052. The periodic payouts and redemptions of the notes are linked to the interest rate indices.

(vii) Others comprise currency, credit and commodity-linked notes issued by the Group.

23. Debts Issued (continued)

(d) *Changes in liabilities arising from financing activities*

	The Group				
		Cash flows		Non-cash changes	
In $ millions	Balance at 1 January	Issuance	Redemption	Foreign exchange movement/Others	Balance at 31 December
2023					
Debts issued	**40,593**	**33,415**	**(37,999)**	**271**	**36,280**
2022					
Debts issued	34,056	45,691	(38,181)	(973)	40,593

24. Cash, Balances and Placements with Central Banks

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Cash on hand	**854**	995	**588**	690
Non-restricted balances with central banks	**44,877**	42,270	**40,245**	38,237
Cash and cash equivalents	**45,731**	43,265	**40,833**	38,927
Restricted balances with central banks	**6,620**	6,157	**5,211**	4,623
ECL allowance	**(1)**	(3)	**#**	(1)
	52,350	49,419	**46,044**	43,549

\# *Amount less than $500,000*

25. Other Government Treasury Bills and Securities

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Other government treasury bills and securities (1)	**24,959**	19,823	**11,144**	7,802
ECL allowance	**(1)**	(1)	**#**	#
	24,958	19,822	**11,144**	7,802

\# *Amount less than $500,000*

(1) Includes ECL allowance on other government treasury bills and securities at FVOCI of $8 million (2022: $6 million) for the Group and $1 million (2022: $1 million) for the Bank.

26. Trading Securities

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Quoted securities				
Debt	**2,262**	955	**1,471**	739
Equity	**116**	948	**116**	948
Unquoted securities				
Debt	**1,882**	2,703	**1,326**	1,955
	4,260	4,606	**2,913**	3,642

27. Placements and Balances with Banks

(a)

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Placements and balances with banks [1]	**35,122**	35,429	**27,252**	24,930
ECL allowance (Note 27(b))	**(29)**	(19)	**(22)**	(13)
	35,093	35,410	**27,230**	24,917

(1) Includes ECL allowance on placements and balances with banks at FVOCI of $2 million (2022: $1 million) for the Group and $1 million (2022: $0.3 million) for the Bank.

(b) *Movements in ECL allowance for placements and balances with banks*

In $ millions	The Group Stage 1	The Group Stage 2	The Group Total
2023			
Balance at 1 January	**18**	**1**	**19**
Charge to income statement	**10**	**#**	**10**
Currency translation adjustments	**(1)**	**1**	**#**
Balance at 31 December	**27**	**2**	**29**
2022			
Balance at 1 January	25	3	28
Write-back to income statement	(6)	(2)	(8)
Currency translation adjustments	(1)	#	(1)
Balance at 31 December	18	1	19

In $ millions	The Bank Stage 1	The Bank Stage 2	The Bank Total
2023			
Balance at 1 January	**12**	**1**	**13**
Charge to income statement	**9**	**1**	**10**
Currency translation adjustments	**(1)**	**#**	**(1)**
Balance at 31 December	**20**	**2**	**22**
2022			
Balance at 1 January	12	#	12
(Write-back)/Charge to income statement	(1)	1	#
Currency translation adjustments	1	#	1
Balance at 31 December	12	1	13

Amount less than $500,000

28. Loans to Customers

(a)

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Gross loans to customers	**321,150**	319,663	**248,515**	248,186
ECL allowance (Note 28(d))	**(4,145)**	(4,308)	**(2,179)**	(2,327)
	317,005	315,355	**246,336**	245,859
Comprising:				
Trade bills	**4,665**	4,327	**2,438**	1,885
Advances to customers	**312,340**	311,028	**243,898**	243,974
	317,005	315,355	**246,336**	245,859

(b) *Gross loans to customers analysed by industry*

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Transport, storage and communication	**14,175**	14,482	**11,674**	12,176
Building and construction	**86,658**	87,178	**79,438**	80,169
Manufacturing	**21,451**	22,123	**12,954**	13,396
Financial institutions, investment and holding companies	**40,456**	37,949	**36,335**	34,605
General commerce	**32,857**	36,530	**21,591**	25,019
Professionals and private individuals	**29,294**	28,970	**16,475**	17,037
Housing loans	**77,629**	76,807	**55,241**	53,754
Others	**18,630**	15,624	**14,807**	12,030
	321,150	319,663	**248,515**	248,186

(c) *Gross loans to customers analysed by currency*

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Singapore Dollar	**139,031**	138,553	**138,903**	138,362
United States Dollar	**56,940**	62,212	**52,502**	57,793
Malaysian Ringgit	**29,155**	30,645	**–**	–
Thai Baht	**23,868**	22,223	**–**	–
Indonesian Rupiah	**5,514**	5,653	**–**	–
Others	**66,642**	60,377	**57,110**	52,031
	321,150	319,663	**248,515**	248,186

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28. Loans to Customers (continued)

(d) *Movements in ECL allowance for loans to customers*

	The Group			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2023				
Balance at 1 January	**1,391**	**1,197**	**1,720**	**4,308**
New loans originated or purchased	**138**	**–**	**–**	**138**
Loans derecognised or repaid	**(80)**	**(52)**	**(420)**	**(552)**
Transfers to Stage 1	**107**	**(85)**	**(22)**	**–**
Transfers to Stage 2	**(26)**	**69**	**(43)**	**–**
Transfers to Stage 3	**(4)**	**(42)**	**46**	**–**
Remeasurement (1)	**(84)**	**164**	**277**	**357**
Changes in models (2)	**73**	**16**	**–**	**89**
(Write-back)/Charge for existing loans	**(344)**	**126**	**1,234**	**1,016**
Bad debts recovery	**–**	**–**	**(265)**	**(265)**
Net (write-back)/charge to income statement	**(220)**	**196**	**807**	**783**
Unwind of discounts	**–**	**–**	**(90)**	**(90)**
Net write-off	**–**	**–**	**(862)**	**(862)**
Currency translation and other adjustments (3)	**20**	**2**	**(16)**	**6**
Balance at 31 December	**1,191**	**1,395**	**1,559**	**4,145**
2022				
Balance at 1 January	1,416	1,146	1,525	4,087
New loans originated or purchased	306	–	–	306
Loans derecognised or repaid	(87)	(39)	(298)	(424)
Transfers to Stage 1	134	(122)	(12)	–
Transfers to Stage 2	(119)	132	(13)	–
Transfers to Stage 3	(5)	(65)	70	–
Remeasurement (1)	(176)	(25)	350	149
Changes in models (2)	(119)	(44)	–	(163)
(Write-back)/Charge for existing loans	(1)	164	750	913
Bad debts recovery	–	–	(153)	(153)
Net (write-back)/charge to income statement	(67)	1	694	628
Unwind of discounts	–	–	(81)	(81)
Net write-off	–	–	(433)	(433)
Currency translation and other adjustments (3)	42	50	15	107
Balance at 31 December	1,391	1,197	1,720	4,308

(1) Remeasurement relates to the changes in ECL following a transfer between Stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.
(3) Includes the impact on allowance arising from the exposure of acquisition of consumer business.

28. Loans to Customers (continued)

(d) *Movements in ECL allowance for loans to customers (continued)*

	The Bank			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2023				
Balance at 1 January	**742**	**541**	**1,044**	**2,327**
New loans originated or purchased	**98**	**–**	**–**	**98**
Loans derecognised or repaid	**(60)**	**(35)**	**(125)**	**(220)**
Transfers to Stage 1	**44**	**(38)**	**(6)**	**–**
Transfers to Stage 2	**(18)**	**30**	**(12)**	**–**
Transfers to Stage 3	**(1)**	**(15)**	**16**	**–**
Remeasurements [1]	**(39)**	**118**	**161**	**240**
Changes in models [2]	**76**	**38**	**–**	**114**
(Write-back)/Charge for existing loans	**(145)**	**(84)**	**347**	**118**
Bad debts recovery	**–**	**–**	**(63)**	**(63)**
Net (write-back)/charge to income statement	**(45)**	**14**	**318**	**287**
Unwind of discounts	**–**	**–**	**(66)**	**(66)**
Net write-off	**–**	**–**	**(347)**	**(347)**
Currency translation adjustments	**(3)**	**(2)**	**(17)**	**(22)**
Balance at 31 December	**694**	**553**	**932**	**2,179**
2022				
Balance at 1 January	849	457	945	2,251
New loans originated or purchased	68	–	–	68
Loans derecognised or repaid	(64)	(19)	(87)	(170)
Transfers to Stage 1	36	(35)	(1)	–
Transfers to Stage 2	(11)	12	(1)	–
Transfers to Stage 3	(1)	(34)	35	–
Remeasurements [1]	(23)	28	235	240
Changes in models [2]	(92)	(18)	–	(110)
(Write-back)/Charge for existing loans	(14)	153	206	345
Bad debts recovery	–	–	(22)	(22)
Net (write-back)/charge to income statement	(101)	87	365	351
Unwind of discounts	–	–	(57)	(57)
Net write-off	–	–	(203)	(203)
Currency translation adjustments	(6)	(3)	(6)	(15)
Balance at 31 December	742	541	1,044	2,327

(1) Remeasurement relates to the changes in ECL following a transfer between Stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

(e) *Sensitivity of ECL*

The Group assessed ECL sensitivity for financial instruments not measured at FVPL with reference to the probability weightage of base and downside scenarios. Should a 100% weightage be applied on a downside scenario, ECL allowance is estimated to increase by $735 million (2022: $750 million).

29. Financial Assets Transferred

The Group transfers financial assets to third parties in the ordinary course of business. Transferred assets where the Group retains substantially all the risks and rewards of the transferred assets continue to be recognised on the Group's balance sheet.

(a) *Assets pledged or transferred*

Assets transferred under repurchase agreements (repo) are conducted under terms and conditions that are usual market practice. The counterparty is typically allowed to sell or to re-pledge the securities but has an obligation to return them. Assets pledged or transferred are summarised below:

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Singapore government and central bank treasury bills and securities	**1,068**	1,008	**1,068**	1,008
Other government and central bank treasury bills and securities	**6,640**	2,524	**4,467**	2,077
Investment securities	**7,385**	6,865	**7,237**	6,815
	15,093	10,397	**12,772**	9,900

The amount of the associated liabilities approximates the carrying amount of the assets pledged.

(b) *Collateral received*

Assets the Group received as collateral for reverse repurchase agreements (reverse repo) are summarised below:

	The Group		The Bank	
In $ millions	**2023**	2022	**2023**	2022
Assets received for reverse repo transactions, at fair value	**16,667**	12,180	**11,224**	7,548
Of which, sold or re-pledged	**4,105**	2,305	**4,105**	2,305

(c) *Repo and reverse repo transactions subject to netting agreements*

The Bank and the Group enter into global master repurchase agreements with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Bank and the Group to settle outstanding amounts with the counterparty on a net basis in the event of default. These agreements also allow the Bank and the Group to further reduce its credit risk by requiring periodic mark-to-market of outstanding positions and posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

29. Financial Assets Transferred (continued)

(c) *Repo and reverse repo transactions subject to netting agreements (continued)*

The table below shows the Bank's and the Group's repo and reverse repo transactions that are not offset in the balance sheet but are subject to enforceable netting agreements:

In $ millions	**2023** Reverse repo	**2023** Repo	2022 Reverse repo	2022 Repo
The Group				
Carrying amount on the balance sheet subject to netting agreements (1)	**15,963**	**15,315**	11,826	9,732
Amount nettable (2)	**(1,187)**	**(1,187)**	(1,791)	(1,791)
Financial collateral	**(14,768)**	**(14,126)**	(10,021)	(7,938)
Net amounts	**8**	**2**	14	3
The Bank				
Carrying amount on the balance sheet subject to netting agreements (1)	**10,704**	**13,056**	7,244	9,248
Amount nettable (2)	**(1,187)**	**(1,187)**	(1,791)	(1,791)
Financial collateral	**(9,513)**	**(11,867)**	(5,439)	(7,454)
Net amounts	**4**	**2**	14	3

(1) The carrying amount of reverse repo is presented under "Cash, balances and placements with central banks", "Placements and balances with banks" and "Loans to customers" while repo is under "Deposits and balances of banks and customers" on the balance sheet.
(2) Amount that could be netted under the netting agreements.

(d) *Covered bonds*

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.

As at 31 December 2023, there were five (2022: seven) covered bonds outstanding, comprising four EUR fixed rate covered bonds and one GBP floating rate covered bonds, with assigned residential mortgages of approximately $11,809 million (2022: $15,541 million).

30. Investment Securities

(a)

In $ millions	The Group **2023**	The Group 2022	The Bank **2023**	The Bank 2022
Quoted securities				
Debt (1)	**20,948**	13,836	**18,836**	13,056
Equity	**979**	985	**784**	814
Unquoted securities				
Debt (2)	**23,099**	18,609	**22,720**	17,292
Equity	**1,547**	1,776	**737**	1,016
ECL allowance (Note 30(b))	**(40)**	(23)	**(34)**	(15)
	46,533	35,183	**43,043**	32,163

(1) Includes ECL allowance on quoted debt securities at FVOCI of $16 million (2022: $7 million) for the Group and $15 million (2022: $6 million) for the Bank.
(2) Includes ECL allowance on unquoted debt securities at FVOCI of $22 million (2022: $21 million) for the Group and $10 million (2022: $9 million) for the Bank.

30. Investment Securities (continued)

(b) *Movements in ECL allowance for investment securities*

	The Group		
In $ millions	**Stage 1**	**Stage 2**	**Total**
2023			
Balance at 1 January	**13**	**10**	**23**
Transfers between Stages	**4**	**(4)**	**–**
Remeasurement (1)	**(5)**	**(1)**	**(6)**
Changes in models (2)	**1**	**1**	**2**
Charge to income statement	**11**	**10**	**21**
Currency translation adjustments	**#**	**#**	**#**
Balance at 31 December	**24**	**16**	**40**
2022			
Balance at 1 January	17	4	21
Transfers between Stages	#	#	–
Remeasurement (1)	–	3	3
Changes in models (2)	(2)	#	(2)
(Write-back)/Charge to income statement	(1)	3	2
Currency translation adjustments	(1)	#	(1)
Balance at 31 December	13	10	23

	The Bank		
In $ millions	**Stage 1**	**Stage 2**	**Total**
2023			
Balance at 1 January	**11**	**4**	**15**
Transfers between Stages	**#**	**#**	**–**
Remeasurement (1)	**–**	**#**	**#**
Changes in models (2)	**#**	**1**	**1**
Charge to income statement	**7**	**10**	**17**
Currency translation adjustments	**1**	**#**	**1**
Balance at 31 December	**19**	**15**	**34**
2022			
Balance at 1 January	16	4	20
Changes in models (2)	(2)	–	(2)
Write-back to income statement	(3)	#	(3)
Balance at 31 December	11	4	15

Amount less than $500,000

(1) Remeasurement relates to the changes in ECL following a transfer between Stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

30. Investment Securities (continued)

(c) *Investment securities analysed by industry*

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Transport, storage and communication	**1,885**	1,984	**1,557**	1,578
Building and construction	**2,241**	1,521	**2,035**	1,341
Manufacturing	**1,418**	1,227	**1,130**	1,224
Financial institutions, investment and holding companies	**25,146**	17,374	**22,935**	15,619
General commerce	**1,231**	1,111	**1,061**	990
Others	**14,612**	11,966	**14,325**	11,411
	46,533	35,183	**43,043**	32,163

(d) *Equity investments designated at FVOCI*

Equity investments designated at FVOCI comprise ordinary shares and funds, mainly held for yield enhancement or strategic purposes.

In 2023, the related dividend income was $31 million (2022: $27 million) at the Group and $28 million (2022: $22 million) at the Bank.

During the year, equity investments of $153 million (2022: $361 million) at the Group and $78 million (2022: $233 million) at the Bank were realised. Related net loss recognised within equity was $21 million (2022: net gain of $9 million) at the Group and $22 million (2022: net gain of $10 million) at the Bank.

31. Other Assets

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Sundry debtors	**2,359**	2,881	**1,283**	1,726
Interest receivable	**2,774**	2,077	**2,254**	1,509
Foreclosed properties	**91**	94	**–**	–
Allowance for impairment	**(76)**	(76)	**(1)**	#
ECL allowance	**(19)**	(43)	**(5)**	(3)
Others	**3,653**	2,757	**2,888**	2,014
	8,782	7,690	**6,419**	5,246

Amount less than $500,000

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32. Investment in Associates and Joint Ventures

(a)

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Material associate:				
UOB-Kay Hian Holdings Limited	**660**	639	**67**	67
Other associates and joint ventures	**621**	634	**365**	385
	1,281	1,273	**432**	452
Allowance for impairment (Note 34)	**(15)**	(15)	**(124)**	(143)
	1,266	1,258	**308**	309
Fair value of quoted investments at 31 December	**417**	432	**417**	432

Name of associate	Principal activities	Country of incorporation	Effective equity interest of the Group 2023 %	Effective equity interest of the Group 2022 %
Quoted				
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	**35**	35

(b) Aggregate information about the Group's share of investments in associates and joint ventures that were not individually material is as follows:

In $ millions	The Group 2023	The Group 2022
Profit for the financial year	**23**	47
Other comprehensive income	**(11)**	(15)
Total comprehensive income	**12**	32

(c) The summarised financial information in respect of UOB-Kay Hian Holdings Limited, based on its financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

In $ millions	2023	2022
Statement of comprehensive income		
Operating income	**592**	486
Profit for the financial year	**155**	86
Other comprehensive income	**(5)**	6
Total comprehensive income	**150**	92

32. Investment in Associates and Joint Ventures (continued)

(c) (continued)

In $ millions	2023	2022
Balance sheet		
Current assets	**3,770**	7,463
Non-current assets	**180**	84
Total assets	**3,950**	7,547
Current liabilities	**2,018**	5,731
Non-current liabilities	**36**	6
Total liabilities	**2,054**	5,737
Net assets	**1,896**	1,810
Group's ownership interest	**35%**	35%
Group's share of net assets	**660**	639

Dividends of $19 million (2022: $28 million) were received from UOB-Kay Hian Holdings Limited.

33. Investment in Subsidiaries

(a)

	The Bank	
In $ millions	2023	2022
Quoted investments	**45**	45
Unquoted investments	**7,235**	6,926
	7,280	6,971
Allowance for impairment (Note 34)	**(300)**	(300)
	6,980	6,671
Fair value of quoted investments at 31 December	**212**	230

33. Investment in Subsidiaries (continued)

(b) Major subsidiaries of the Group as at the balance sheet date are as follows:

Name of subsidiary	Country of incorporation	Effective equity interest of the Group 2023 %	2022 %
Commercial Banking			
United Overseas Bank (Malaysia) Bhd	Malaysia	**100**	100
United Overseas Bank (Thai) Public Company Limited	Thailand	**99.7**	99.7
PT Bank UOB Indonesia	Indonesia	**99**	99
United Overseas Bank (China) Limited	China	**100**	100
United Overseas Bank (Vietnam) Limited	Vietnam	**100**	100
Financial Services			
United Overseas Insurance Limited	Singapore	**58**	58
Asset Management/Investment Management			
UOB Asset Management Ltd	Singapore	**100**	100
UOB Asset Management (Malaysia) Berhad	Malaysia	**70**	70
UOB Asset Management (Thailand) Co., Ltd	Thailand	**100**	100
UOB Capital Management Pte Ltd	Singapore	**100**	100
UOB Global Capital LLC (1)	United States	**70**	70
UOB Holdings (USA) Inc. (2)	United States	**100**	100
UOB Venture Management (Shanghai) Co., Ltd	China	**100**	100
UOB Venture Management Private Limited	Singapore	**100**	100
United Private Equity Investments (Cayman) Limited (2)	Cayman Islands	**100**	100
Property Investment Holding			
Industrial & Commercial Property (S) Pte Ltd	Singapore	**100**	100
PT UOB Property	Indonesia	**100**	100
UOB Property Investments China Pte Ltd	Singapore	**100**	100
UOB Property Investments Pte Ltd	Singapore	**100**	100
UOB Realty (USA) Ltd Partnership (2)	United States	**100**	100
Others			
UOB International Investment Private Limited	Singapore	**100**	100
UOB Travel Planners Pte Ltd	Singapore	**100**	100

Except as indicated, all subsidiaries incorporated in Singapore are audited by Ernst & Young LLP, Singapore and those incorporated overseas are audited by member firms of Ernst & Young Global Limited.

(1) Audited by other auditors.
(2) Not required to be audited.

33. Investment in Subsidiaries (continued)

(c) *Interest in subsidiaries with material non-controlling interest (NCI)*

Only United Overseas Insurance Limited has NCI that is material to the Group:

Principal place of business	Proportion of ownership interest held by NCI %	Profit allocated to NCI during the reporting period $ million	Accumulated NCI at the end of reporting period $ million	Dividends paid to NCI $ million
2023				
Singapore	**42**	**9**	**179**	**5**
2022				
Singapore	42	7	172	6

(d) *Summarised financial information [(1)] about United Overseas Insurance Limited*

In $ millions	2023	2022
Statement of comprehensive income		
Operating income	**36**	42
Profit before tax	**27**	22
Less: Tax	**6**	5
Profit for the financial year	**21**	17
Other comprehensive income	**6**	(31)
Total comprehensive income	**27**	(14)
Balance sheet		
Total assets	**577**	616
Total liabilities	**148**	202
Net assets	**429**	414
Other information		
Net cash flows from operations	**21**	5
Acquisition of property, plant and equipment	**1**	5

(1) Including consolidation adjustments but before inter-company eliminations.

(e) *Consolidated structured entities*

The Group has established a USD15 billion Global Covered Bond Programme to augment its funding programmes. Under the Programme, the Bank may from time to time issue covered bonds (the Covered Bonds). The payments of interest and principal under the Covered Bonds are guaranteed by the Covered Bond Guarantor (the CBG), Glacier Eighty Pte Ltd. The Covered Bonds issued under the Programme will be backed by a portfolio of Singapore residential mortgages transferred by the Bank to the CBG when certain conditions are met.

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33. Investment in Subsidiaries (continued)

(f) *Interests in unconsolidated structured entities*

The Group has interests in certain investment funds where the Group is the fund manager and the investors have no or limited removal rights over the fund manager. These funds are primarily financed by the investors. The table below summarises the Group's involvement in the funds.

	The Group	
In $ millions	**2023**	2022
Total assets of structured entities [1]	**18,038**	17,766
Maximum exposure to loss – Investment in funds	**308**	328
Fee income	**174**	189
Net loss from investment securities	**(#)**	(52)

\# *Amount less than $500,000*

(1) Based on the latest available financial reports of the structured entities.

34. Movements in Allowance for Impairment on Investment in Associates, Joint Ventures and Subsidiaries

	The Group Investment in associates and joint ventures	
In $ millions	**2023**	2022
Balance at 1 January	**15**	18
Amounts written off	**–**	(3)
Balance at 31 December	**15**	15

	The Bank			
	Investment in associates and joint ventures		Investment in subsidiaries	
In $ millions	**2023**	2022	**2023**	2022
Balance at 1 January	**143**	140	**300**	240
(Credit)/Charge to income statement	**(19)**	3	**–**	60
Balance at 31 December	**124**	143	**300**	300

35. Investment Properties

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Balance at 1 January	**746**	829	**749**	902
Currency translation adjustments	**(6)**	(17)	**#**	(1)
Additions	**#**	3	**#**	1
Disposals	**(10)**	(2)	**(10)**	(1)
Depreciation charge	**(18)**	(14)	**(13)**	(14)
Write-back of/(Allowance for) impairment	**#**	(2)	**1**	(1)
Transfers	**14**	(51)	**77**	(137)
Balance at 31 December	**726**	746	**804**	749
Represented by:				
Cost	**1,062**	1,068	**1,061**	988
Accumulated depreciation	**(334)**	(320)	**(256)**	(238)
Allowance for impairment	**(2)**	(2)	**(1)**	(1)
Net carrying amount	**726**	746	**804**	749
Freehold property	**386**	387	**501**	429
Leasehold property	**340**	359	**303**	320
	726	746	**804**	749
Fair value hierarchy				
Level 2	**308**	240	**304**	236
Level 3	**2,479**	2,486	**2,029**	1,946
	2,787	2,726	**2,333**	2,182

Amount less than $500,000

The valuations of investment properties were performed by external valuers with professional qualifications and experience, taking into account market prices and rentals of comparable properties using a market comparison approach or using a combination of comparable sales and investment approaches.

Fair values for properties under Level 2 of the fair value hierarchy are determined based on a market comparison approach using comparable price transactions as significant observable inputs. Fair values for properties under Level 3 of the fair value hierarchy are determined using a combination of market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

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36. Fixed Assets

	2023				2022			
In $ millions	**Owner-occupied properties**	**Others**	**Right-of-use assets**	**Total**	Owner-occupied properties	Others	Right-of-use assets	Total
The Group								
Balance at 1 January	**1,231**	**1,972**	**250**	**3,453**	1,242	1,764	176	3,182
Currency translation adjustments	**(19)**	**(19)**	**(6)**	**(44)**	(44)	(28)	(4)	(76)
Additions	**2**	**870**	**138**	**1,010**	55	646	198	899
Disposals	**#**	**(24)**	**(23)**	**(47)**	(17)	(6)	(30)	(53)
Depreciation charge	**(29)**	**(453)**	**(97)**	**(579)**	(26)	(404)	(90)	(520)
Write-back of/(Allowance for) impairment	**3**	**–**	**–**	**3**	(30)	–	–	(30)
Transfers	**(14)**	**–**	**–**	**(14)**	51	–	–	51
Balance at 31 December	**1,174**	**2,346**	**262**	**3,782**	1,231	1,972	250	3,453
Represented by:								
Cost	**1,711**	**5,045**	**457**	**7,213**	1,752	4,498	449	6,699
Accumulated depreciation	**(509)**	**(2,699)**	**(195)**	**(3,403)**	(488)	(2,526)	(199)	(3,213)
Allowance for impairment	**(28)**	**–**	**–**	**(28)**	(33)	–	–	(33)
Net carrying amount	**1,174**	**2,346**	**262**	**3,782**	1,231	1,972	250	3,453
Freehold property	**929**				979			
Leasehold property	**245**				252			
	1,174				1,231			
Fair value hierarchy								
Level 2	**1,185**				1,231			
Level 3	**3,244**				3,292			
	4,429				4,523			

\# *Amount less than $500,000*

36. Fixed Assets (continued)

In $ millions	2023 Owner-occupied properties	2023 Others	2023 Right-of-use assets	2023 Total	2022 Owner-occupied properties	2022 Others	2022 Right-of-use assets	2022 Total
The Bank								
Balance at 1 January	**963**	**1,445**	**183**	**2,591**	833	1,336	118	2,287
Currency translation adjustments	**#**	**(1)**	**#**	**(1)**	#	#	(2)	(2)
Additions	**#**	**577**	**69**	**646**	8	421	133	562
Disposals	**#**	**(20)**	**#**	**(20)**	–	(3)	(3)	(6)
Depreciation charge	**(14)**	**(336)**	**(66)**	**(416)**	(15)	(309)	(63)	(387)
Transfers	**(77)**	**–**	**–**	**(77)**	137	–	–	137
Balance at 31 December	**872**	**1,665**	**186**	**2,723**	963	1,445	183	2,591
Represented by:								
Cost	**1,177**	**3,691**	**308**	**5,176**	1,266	3,302	323	4,891
Accumulated depreciation	**(305)**	**(2,026)**	**(122)**	**(2,453)**	(303)	(1,857)	(140)	(2,300)
Net carrying amount	**872**	**1,665**	**186**	**2,723**	963	1,445	183	2,591
Freehold property	**721**				810			
Leasehold property	**151**				153			
	872				963			
Fair value hierarchy								
Level 2	**256**				280			
Level 3	**2,580**				2,644			
	2,836				2,924			

Amount less than $500,000

The valuations of owner-occupied properties were performed by external valuers with professional qualifications and experience, taking into account market prices and rentals of comparable properties using a market comparison approach or using a combination of comparable sales and investment approaches.

Fair values for properties under Level 2 of the fair value hierarchy are determined based on a market comparison approach using comparable price transactions as significant observable inputs. Fair values for properties under Level 3 of the fair value hierarchy are determined using a combination of market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

Fixed assets-others comprise mainly computer equipment, software and furniture and fittings.

Right-of-use assets comprise mainly properties, computer equipment and motor vehicles.

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37. Intangible Assets

(a)

In $ millions	The Group 2023	2022	The Bank 2023	2022
Goodwill	**4,767**	4,703	**3,182**	3,182
Other intangible assets [1]	**217**	197	**–**	–
	4,984	4,900	**3,182**	3,182
Represented by:				
Goodwill	**4,767**	4,703	**3,182**	3,182
Other intangible assets, at cost	**241**	200	**–**	–
Accumulated amortisation for other intangible assets	**(24)**	(3)	**–**	–
Net carrying amount	**4,984**	4,900	**3,182**	3,182

(1) Other intangible assets relate to Citigroup's consumer business customer relationships and core deposits.

(b) *Movements in goodwill*

In $ millions	The Group 2023	2022	The Bank 2023	2022
Balance at 1 January	**4,703**	4,145	**3,182**	3,182
Addition [1]	**106**	570	**–**	–
Currency translation adjustments and others	**(42)**	(12)	**–**	–
Balance at 31 December	**4,767**	4,703	**3,182**	3,182

(1) Goodwill from acquisition of Citigroup's consumer businesses in Indonesia and Vietnam of $106 million has been recognised on a provisional basis. Refer to Note 47 for further details.

(c) *Impairment tests for goodwill*

Goodwill was allocated on the date of acquisition to the reportable business segments expected to benefit from the synergies of business combination. The recoverable amount of the business segments is based on their value in use, computed by discounting the expected future cash flows of the segments. The key assumptions in computing the value in use include the discount rates and growth rates applied. Discount rates are estimated based on current market assessments of time value of money and risks specific to the Group as a whole and to individual countries such as Thailand, Indonesia and Malaysia. The growth rates used do not exceed the historical long-term average growth rate of the major countries. Cash flow projections are based on the most recent five-year financial forecasts provided by key business segments and approved by management. These cash flows are derived based on the outlook of macroeconomic conditions from external sources, in particular, interest rates and foreign exchange rates, taking into account management's past experience on the impact of such changes to the cash flows of the Group. Long-term growth rate is imputed on fifth-year cash flow and then discounted to determine the terminal value. Key assumptions are as follows:

	Discount rate 2023	2022	Growth rate 2023	2022
Singapore	**7.73**	7.71	**2.92**	2.94
Thailand	**8.35**	9.62	**1.97**	1.93
Indonesia	**10.73**	12.23	**4.23**	4.24
Malaysia	**8.68**	–	**4.11**	–

Impairment is recognised in the income statement when the carrying amount of a business segment exceeds its recoverable amount. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the business segments to exceed their recoverable amount.

38. Contingent Liabilities

In the normal course of business, the Bank and the Group conduct businesses involving guarantees, performance bonds and indemnities. The bulk of these liabilities are backed by the corresponding obligations of the customers. No assets of the Bank and the Group were pledged as security for these contingent liabilities at the balance sheet date.

In $ millions	The Group		The Bank	
	2023	2022	**2023**	2022
Direct credit substitutes	**4,185**	4,618	**2,920**	3,225
Transaction-related contingencies	**15,439**	15,028	**10,696**	10,386
Trade-related contingencies	**10,936**	11,715	**8,963**	9,640
Others	**208**	213	**1**	3
	30,768	31,574	**22,580**	23,254

39. Commitments

(a)

In $ millions	The Group		The Bank	
	2023	2022	**2023**	2022
Undrawn credit facilities	**204,052**	195,755	**158,245**	152,532
Spot/Forward contracts	**1,232**	541	**1,157**	1,053
Trade commitments	**2,539**	2,944	**1,520**	1,656
Capital commitments	**627**	518	**555**	483
Lease commitments	**26**	23	**8**	3
Others	**498**	451	**350**	328
	208,974	200,232	**161,835**	156,055

(b) *Minimum lease receivable*

The Group leases out investment properties typically on three-year leases based on market rental rates. These leases may contain options to renew at prevailing market rates.

In $ millions	The Group		The Bank	
	2023	2022	**2023**	2022
Within 1 year	**79**	75	**56**	54
Over 1 to 5 years	**156**	166	**95**	104
Over 5 years	**17**	40	**4**	13
	252	281	**155**	171

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40. Financial Derivatives

Financial derivatives, such as forwards, swaps, futures and options, are instruments whose values change in response to the change in prices of the underlying instruments.

In the normal course of business, the Bank and the Group transact in customised derivatives to meet specific needs of their customers. The Bank and the Group also transact in these derivatives for proprietary trading purposes, as well as to manage their assets, liabilities and structural positions. Risks associated with the use of derivatives and policies for managing these risks are set out in Note 45.

(a) The table below shows the Bank's and the Group's financial derivatives and their fair values at the balance sheet date. These amounts do not necessarily represent future cash flows and amounts at risk of the derivatives.

	2023			2022		
In $ millions	**Notional amount**	**Positive fair value**	**Negative fair value**	Notional amount	Positive fair value	Negative fair value
The Group						
Foreign exchange contracts						
Forwards	**90,041**	**1,155**	**1,097**	81,517	1,164	1,157
Swaps	**299,112**	**2,515**	**3,175**	269,915	2,840	3,503
Options purchased	**7,010**	**67**	**–**	8,189	120	–
Options written	**6,434**	**–**	**78**	7,494	–	117
Interest rate contracts						
Swaps	**465,473**	**5,179**	**6,249**	551,568	9,106	10,674
Futures	**163**	**#**	**2**	2,408	4	2
Options purchased	**2,812**	**58**	**–**	2,715	66	–
Options written	**6,833**	**–**	**122**	5,829	–	138
Equity-related contracts						
Swaps	**33**	**–**	**1**	677	2	5
Options purchased	**1,144**	**39**	**–**	1,205	60	–
Options written	**1,601**	**–**	**45**	1,247	–	64
Credit-related contracts						
Swaps	**749**	**21**	**12**	815	52	2
Others						
Forwards	**1,150**	**161**	**142**	1,587	86	75
Swaps	**15,317**	**74**	**375**	12,459	78	261
Futures	**6,781**	**438**	**470**	6,222	222	219
Options purchased	**227**	**#**	**–**	56	2	–
Options written	**67**	**–**	**#**	50	–	1
	904,947	**9,707**	**11,768**	953,953	13,802	16,218

Amount less than $500,000

40. Financial Derivatives (continued)

(a) (continued)

In $ millions	2023 Notional amount	2023 Positive fair value	2023 Negative fair value	2022 Notional amount	2022 Positive fair value	2022 Negative fair value
The Bank						
Foreign exchange contracts						
Forwards	**89,183**	**1,080**	**1,224**	76,878	1,064	1,178
Swaps	**240,719**	**2,079**	**2,538**	208,876	2,190	2,529
Options purchased	**5,467**	**47**	**–**	5,319	65	–
Options written	**5,234**	**–**	**63**	4,743	–	78
Interest rate contracts						
Swaps	**411,739**	**4,827**	**5,883**	507,046	8,767	10,304
Futures	**152**	**#**	**1**	2,408	4	2
Options purchased	**2,621**	**60**	**–**	2,465	68	–
Options written	**6,611**	**–**	**123**	5,616	–	138
Equity-related contracts						
Swaps	**33**	**–**	**1**	677	2	5
Options purchased	**1,152**	**40**	**–**	1,208	60	–
Options written	**1,690**	**–**	**46**	1,309	–	64
Credit-related contracts						
Swaps	**739**	**21**	**12**	804	51	2
Others						
Forwards	**1,099**	**178**	**142**	1,541	119	75
Swaps	**14,552**	**58**	**374**	11,896	53	258
Futures	**1,427**	**22**	**26**	1,469	19	35
Options purchased	**228**	**#**	**–**	47	1	–
Options written	**67**	**–**	**#**	46	–	1
	782,713	**8,412**	**10,433**	832,348	12,463	14,669

Amount less than $500,000

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40. Financial Derivatives (continued)

(b) *Financial derivatives subject to netting agreements*

The Bank and the Group enter into derivative master netting agreements (such as the International Swaps and Derivatives Association Master Agreement) with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Bank and the Group to settle outstanding derivative contracts' amounts with the counterparty on a net basis in the event of default. These agreements also allow the Bank and the Group to further reduce its credit risk by requiring periodic mark-to-market of outstanding positions and posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

The table below shows the Bank's and the Group's financial derivatives that are not offset in the balance sheet but are subject to enforceable netting agreements.

	2023		2022	
In $ millions	**Positive fair value**	**Negative fair value**	Positive fair value	Negative fair value
The Group				
Carrying amount on the balance sheet	**9,707**	**11,768**	13,802	16,218
Amount not subject to netting agreements	**(792)**	**(952)**	(1,488)	(2,492)
Amount subject to netting agreements	**8,915**	**10,816**	12,314	13,726
Amount nettable [1]	**(7,250)**	**(7,250)**	(10,663)	(10,663)
Financial collateral	**(511)**	**(1,785)**	(1,077)	(1,395)
Net amounts	**1,154**	**1,781**	574	1,668
The Bank				
Carrying amount on the balance sheet	**8,412**	**10,433**	12,463	14,669
Amount not subject to netting agreements	**(919)**	**(1,044)**	(1,616)	(2,556)
Amount subject to netting agreements	**7,493**	**9,389**	10,847	12,113
Amount nettable [1]	**(6,290)**	**(6,290)**	(9,848)	(9,848)
Financial collateral	**(297)**	**(1,691)**	(806)	(1,250)
Net amounts	**906**	**1,408**	193	1,015

(1) Amount that could be netted under the netting agreements.

41. Hedge Accounting

The impact of the hedging instruments and hedged items on the balance sheet as at 31 December is as follows:

	The Group					
	Carrying amount		Changes in fair value			
In $ millions	Assets	Liabilities		Type of risk hedged	Notional amount	Maturity profile of hedging instruments
2023						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	**260**	**904**	**208**	**Interest rate**	**26,666**	**Less than 10 years**
Customer deposits	**–**	**53**	**#**	**Foreign exchange**	**–**	**Within 1 year**
Cash flow hedge						
Derivatives – Interest rate swaps	**3**	**1**	**5**	**Interest rate**	**750**	**Less than 5 years**
Derivatives – Currency swaps	**618**	**636**	**(25)**	**Interest rate and foreign exchange**	**3,402**	**Less than 10 years**
Net investment hedge						
Customer deposits	**–**	**5,889**	**70**	**Foreign exchange**	**–**	
Hedged items relating to fair value hedges						
Assets						
Debt securities	**12,335**	**–**	**211**			
Equity securities at FVOCI	**53**	**–**	**#**			
Liabilities						
Certificates of deposit	**–**	**34**	**#**			
Subordinated debts	**–**	**4,868**	**(106)**			
Other debts issued	**–**	**7,935**	**(309)**			
2022						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	308	1,152	(873)	Interest rate	20,067	Less than 10 years
Customer deposits	–	67	3	Foreign exchange	–	Within 1 year
Cash flow hedge						
Derivatives – Interest rate swaps	–	4	(4)	Interest rate	200	Less than 5 years
Derivatives – Currency swaps	–	72	(70)	Interest rate and foreign exchange	1,860	Less than 5 years
Net investment hedge						
Customer deposits	–	4,787	141	Foreign exchange	–	
Hedged items relating to fair value hedges						
Assets						
Debt securities	5,182	–	(289)			
Equity securities at FVOCI	67	–	(3)			
Liabilities						
Customer deposits	–	–	#			
Certificates of deposit	–	34	1			
Subordinated debts	–	5,143	358			
Other debts issued	–	8,890	768			

\# *Amount less than $500,000*

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for the financial year ended 31 December 2023

41. Hedge Accounting (continued)

	The Bank					
	Carrying amount		Changes			Maturity profile
In $ millions	Assets	Liabilities	in fair value	Type of risk hedged	Notional amount	of hedging instruments
2023						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	**255**	**903**	**205**	**Interest rate**	**26,027**	**Less than 10 years**
Customer deposits	**–**	**53**	**#**	**Foreign exchange**	**–**	**Within 1 year**
Cash flow hedge						
Derivatives – Interest rate swaps	**3**	**1**	**5**	**Interest rate**	**750**	**Less than 5 years**
Derivatives – Currency swaps	**618**	**631**	**(19)**	**Interest rate and foreign exchange**	**2,941**	**Less than 10 years**
Net investment hedge						
Customer deposits	**–**	**5,330**	**59**	**Foreign exchange**	**–**	
Hedged items relating to fair value hedges						
Assets						
Debt securities	**12,335**	**–**	**211**			
Equity securities at FVOCI	**53**	**–**	**#**			
Liabilities						
Certificates of deposit	**–**	**34**	**#**			
Subordinated debts	**–**	**4,419**	**(102)**			
Other debts issued	**–**	**7,743**	**(310)**			
2022						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	301	1,152	(871)	Interest rate	19,228	Less than 10 years
Customer deposits	–	67	3	Foreign exchange	–	Within 1 year
Cash flow hedge						
Derivatives – Interest rate swaps	–	4	(4)	Interest rate	200	Less than 5 years
Derivatives – Currency swaps	–	72	(70)	Interest rate and foreign exchange	1,860	Less than 5 years
Net investment hedge						
Customer deposits	–	4,778	141	Foreign exchange	–	
Hedged items relating to fair value hedges						
Assets						
Debt securities	5,182	–	(289)			
Equity securities at FVOCI	67	–	(3)			
Liabilities						
Customer deposits	–	–	#			
Certificates of deposit	–	34	1			
Subordinated debts	–	4,496	357			
Other debts issued	–	8,696	767			

 # Amount less than $500,000

The ineffectiveness arising from these hedges was insignificant.

42. Share-based Compensation Plan

As approved by shareholders at the Annual General Meeting on 21 April 2016, the UOB Restricted Share Plan will be in force up to (and including) 6 August 2027. The UOB Restricted Share Plan only allows the delivery of UOB ordinary shares held as treasury shares by the Bank.

In 2018, following a review of the total compensation model, the Remuneration and Human Capital Committee (RHCC) approved, inter alia, a revised variable pay deferral framework for senior employees and Material Risk Takers. Under this framework, a portion of variable pay is deferred as restricted shares (RS) under the UOB Restricted Share Plan. Such deferred RS vest over a minimum three-year period, subject to local regulatory requirements, and the fair value of the RS were estimated at grant date using the Trinomial valuation methodology. Following the approval from the RHCC in 2020, the fair value of RS awarded from 2021 are computed using market value instead and with it, dividends on unvested RS awards are accrued to participating employees at the same rate as those declared on ordinary shares.

Participating employees who leave the Group before the RS vest will forfeit their rights unless otherwise decided by the RHCC.

At the Annual General Meeting on 21 April 2022, the UOB Restricted Share Plan was approved by shareholders to be renamed the UOB Share Plan and to allow for eligible non-executive directors to be granted share awards in the form of UOB ordinary shares under the UOB Share Plan.

Movements and outstanding balances of the plan are as follows:

	The Group Number of restricted shares	
	2023 **'000**	2022 '000
Balance at 1 January	**6,629**	7,074
Granted	**2,849**	2,115
Adjustments or Dividends on unvested awards	**371**	179
Forfeited/Cancelled	**(136)**	(144)
Vested	**(2,900)**	(2,595)
Balance at 31 December	**6,813**	6,629

Year granted	Expiry date	Fair value per grant at grant date $	Number of outstanding grants **2023** **'000**	 2022 '000
2020	15 Apr 2022, 15 Apr 2023 and 15 Apr 2024	18.88 and 18.05	**5**	2,250
2021	15 Mar 2023, 15 Mar 2024 and 15 Mar 2025	25.41	**1,585**	2,199
2022	15 Mar 2024, 15 Mar 2025 and 15 Mar 2026	29.60	**2,251**	2,180
2023	15 Mar 2025, 15 Mar 2026 and 15 Mar 2027	28.87	**2,972**	–
			6,813	6,629

Prior to 2021, fair values of the RS were estimated at the grant date using the Trinomial valuation methodology. From 2021, fair values of the RS are estimated using market value.

43. Related Party Transactions

Related parties cover the Group's subsidiaries, associates, joint ventures and their subsidiaries, and key management personnel and their related parties.

Key management personnel refers to the Bank's directors and members of its Management Executive Committee.

All related party transactions of the Group were done in the ordinary course of business and at arm's length. In addition to the information disclosed elsewhere in the financial statements, other related party transactions include the following:

(a)

In $ millions	The Group 2023	The Group 2022	The Bank 2023	The Bank 2022
Interest income				
Subsidiaries	**–**	–	**646**	359
Associates and joint ventures	**20**	9	**19**	9
Interest expense				
Subsidiaries	**–**	–	**457**	285
Associates and joint ventures	**63**	31	**59**	28
Dividend income				
Subsidiaries	**–**	–	**42**	27
Associates and joint ventures	**–**	–	**44**	51
Rental and other expenses				
Subsidiaries	**–**	–	**93**	69
Associates and joint ventures	**13**	31	**20**	19
Fee and commission and other income				
Subsidiaries	**–**	–	**354**	290
Associates and joint ventures	**3**	3	**#**	#
Placements, securities, loans and advances				
Subsidiaries	**–**	–	**18,388**	23,140
Associates and joint ventures	**272**	423	**256**	423
Deposits				
Subsidiaries	**–**	–	**13,590**	17,130
Associates and joint ventures	**1,417**	2,281	**1,211**	2,062
Off-balance sheet credit facilities (1)				
Subsidiaries	**–**	–	**47**	55
Associates and joint ventures	**561**	406	**561**	406

\# *Amount less than $500,000*

(1) Includes guarantees issued by the Group of $4 million (2022: $4 million) and the Bank of $46 million (2022: $24 million).

During the financial year, the Group had banking transactions with key management personnel-related entities and personnel of the Group. These transactions were not material.

43. Related Party Transactions (continued)

(b)

In $ millions	The Bank 2023	The Bank 2022
Compensation of key management personnel		
Short-term employee benefits	**32**	27
Long-term employee benefits	**4**	3
Share-based compensation	**25**	22
	61	52

44. Segment Information

(a) *Business segments*

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.

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.

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.

Others

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

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44. Segment Information (continued)

(a) *Business segments (continued)*

Selected income statement items

	The Group				
In $ millions	**GR**	**GWB**	**GM**	**Others**	**Total**
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**	**–**	**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

44. Segment Information (continued)

(a) *Business segments (continued)*

Selected balance sheet items

	The Group				
In $ millions	**GR**	**GWB**	**GM**	**Others**	**Total**
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**
Total 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**
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
Total 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

44. Segment Information (continued)

(b) *Geographical segments*

The following 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.

	The Group						
In $ millions	**Singapore**	**Malaysia**	**Thailand**	**Indonesia**	**Other Asia Pacific**	**Rest of the world**	**Total**
2023							
Net interest income	**5,615**	**917**	**1,159**	**453**	**977**	**558**	**9,679**
Non-interest income	**2,286**	**553**	**375**	**161**	**698**	**180**	**4,253**
Operating income	**7,901**	**1,470**	**1,534**	**614**	**1,675**	**738**	**13,932**
Operating expenses	**(3,271)**	**(756)**	**(997)**	**(483)**	**(643)**	**(67)**	**(6,217)**
Amortisation of intangible assets	**–**	**(4)**	**(17)**	**(#)**	**(3)**	**–**	**(24)**
(Allowance for)/Write-back of credit and other losses	**(86)**	**(98)**	**(356)**	**(52)**	**(213)**	**(116)**	**(921)**
Share of profit/(loss) of associates and joint ventures	**95**	**–**	**–**	**–**	**#**	**(2)**	**93**
Profit before tax	**4,639**	**612**	**164**	**79**	**816**	**553**	**6,863**
Total assets before intangible assets	**311,003**	**46,587**	**32,890**	**13,566**	**89,879**	**24,611**	**518,536**
Intangible assets	**3,182**	**134**	**1,318**	**322**	**28**	**–**	**4,984**
Total assets	**314,185**	**46,721**	**34,208**	**13,888**	**89,907**	**24,611**	**523,520**
2022							
Net interest income	4,737	900	814	450	997	445	8,343
Non-interest income	1,921	382	263	153	524	(11)	3,232
Operating income	6,658	1,282	1,077	603	1,521	434	11,575
Operating expenses	(2,841)	(745)	(690)	(377)	(564)	(64)	(5,281)
Amortisation of intangible assets	–	(1)	(2)	–	–	–	(3)
(Allowance for)/Write-back of credit and other losses	(99)	(223)	(111)	(115)	(61)	6	(603)
Share of profit/(loss) of associates and joint ventures	103	(#)	–	–	(2)	(4)	97
Profit before tax	3,821	313	274	111	894	372	5,785
Total assets before intangible assets	295,494	48,603	31,570	11,597	90,409	21,687	499,360
Intangible assets	3,182	146	1,342	225	5	–	4,900
Total assets	298,676	48,749	32,912	11,822	90,414	21,687	504,260

\# *Amount less than $500,000*

45. Financial Risk Management

The Group's business activities involve the use of financial instruments, including derivatives. These activities expose the Group to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk, equity risk, commodity risk and liquidity risk.

The Group's financial risks are centrally managed by the various specialist committees within the authority delegated by the Board of Directors. These various specialist committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Group Board Risk Management Committee (BRMC).

The Group Risk Management Sector assumes the independent oversight of risks undertaken by the Group, and takes the lead in the formulation and approval of risk policies, controls and processes. The Group Market Risk and Product Control within the Group Risk Management Sector monitor Global Markets's compliance with trading policies and limits. This is further enhanced by the periodic risk assessment audit carried out by Group Audit.

The main financial risks that the Group is exposed to and how they are managed are set out below:

(a) Credit risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when they are due.

The Group Credit Committee (CC) supports the CEO and BRMC in managing the Group's overall credit risk exposures and serves as an executive forum for discussions on all credit-related matters. The CC also reviews and assesses the Group's credit portfolios and credit risk profiles.

Credit risk exposures are managed through a robust credit underwriting, structuring and monitoring process. The process includes monthly review of all non-performing and special mention loans, ensuring credit quality and the timely recognition of asset impairment. Past due exposures and credit limit excesses are tracked and analysed by business and product lines.

Country risk is the risk of loss due to specific events in a country that the Group has exposure to. These events include political and economic events, social unrest, nationalisation and expropriation of assets, government repudiation of external indebtedness, and currency depreciation or devaluation.

Climate risks are complex and transverse in nature and may potentially translate into known financial risk types for banks including credit risk, market risk, liquidity risk and operational risk. The Group has assessed the various climate risk transmission channels and considered potential credit risk impact to be the most material.

Climate risk is identified, assessed, managed and monitored through our Group Environmental Risk Management (ENRM) Framework, which is approved by the BRMC. In 2023, no material climate-related financial losses were incurred through our corporate lending activities.

Refer to Risk Management section of the annual report (Environmental, Social and Governance Risk) and UOB Sustainability Report 2023 for more information.

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(i) Credit exposure

The Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements, is shown in the table below:

In $ millions	The Group 2023	The Group 2022
Balances and placements with central banks	**51,496**	48,424
Singapore government treasury bills and securities	**13,322**	12,056
Other government treasury bills and securities	**24,958**	19,822
Trading debt securities	**4,144**	3,658
Placements and balances with banks	**35,093**	35,410
Loans to customers	**317,005**	315,355
Derivative financial assets	**9,707**	13,802
Investment debt securities	**44,006**	32,422
Others	**5,133**	4,959
	504,864	485,908
Contingent liabilities	**30,768**	31,571
Commitments (excluding lease and capital commitments)	**208,321**	199,691
	743,953	717,170

As a fundamental credit principle, the Group generally does not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The collaterals are mostly properties while other types of collateral taken by the Group include cash, marketable securities, equipment, inventories and receivables. Policies and processes are in place to monitor collateral concentration.

In extending credit facilities to small- and medium-enterprises, personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors.

Corporate guarantees are often obtained when the borrower's creditworthiness is not sufficient to justify an extension of credit.

Exposures arising from foreign exchange, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing us to offset what we owe to a counterparty against what is due from that counterparty in the event of a default.

In addition, derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure further through multilateral netting and the daily margining processes.

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) Major on-balance sheet credit exposures

The exposures are determined based on country of incorporation/operation for non-individuals and residence for individuals.

	The Group				
In $ millions	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
Analysed by geography					
2023					
Singapore	**157,903**	**13,325**	**940**	**10,852**	**183,020**
Malaysia	**31,692**	**10,660**	**2,450**	**2,504**	**47,306**
Thailand	**25,364**	**3,476**	**2,582**	**1,562**	**32,984**
Indonesia	**9,670**	**2,190**	**1,969**	**270**	**14,099**
Greater China	**49,177**	**1,897**	**12,649**	**8,779**	**72,502**
Others	**47,344**	**6,732**	**14,503**	**24,183**	**92,762**
	321,150	**38,280**	**35,093**	**48,150**	**442,673**
2022					
Singapore	160,426	12,066	953	7,564	181,009
Malaysia	33,274	8,553	3,994	2,926	48,747
Thailand	23,488	2,332	4,113	255	30,188
Indonesia	10,043	2,312	1,957	190	14,502
Greater China	48,623	2,163	10,838	7,584	69,208
Others	43,809	4,452	13,555	17,561	79,377
	319,663	31,878	35,410	36,080	423,031

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for the financial year ended 31 December 2023

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) Major on-balance sheet credit exposures (continued)

	The Group				
In $ millions	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
Analysed by industry					
2023					
Transport, storage and communication	**14,175**	**–**	**–**	**2,198**	**16,373**
Building and construction	**86,658**	**–**	**–**	**2,121**	**88,779**
Manufacturing	**21,451**	**–**	**–**	**1,357**	**22,808**
Financial institutions, investment and holding companies	**40,456**	**–**	**35,093**	**27,556**	**103,105**
General commerce	**32,857**	**–**	**–**	**1,126**	**33,983**
Professionals and private individuals	**29,294**	**–**	**–**	**–**	**29,294**
Housing loans	**77,629**	**–**	**–**	**–**	**77,629**
Government	**–**	**38,280**	**–**	**–**	**38,280**
Others	**18,630**	**–**	**–**	**13,792**	**32,422**
	321,150	**38,280**	**35,093**	**48,150**	**442,673**
2022					
Transport, storage and communication	14,482	–	–	2,228	16,710
Building and construction	87,178	–	–	1,312	88,490
Manufacturing	22,123	–	–	1,630	23,753
Financial institutions, investment and holding companies	37,949	–	35,410	18,681	92,040
General commerce	36,530	–	–	997	37,527
Professionals and private individuals	28,970	–	–	–	28,970
Housing loans	76,807	–	–	–	76,807
Government	–	31,878	–	–	31,878
Others	15,624	–	–	11,232	26,856
	319,663	31,878	35,410	36,080	423,031

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iii) Major off-balance sheet credit exposures

The exposures are determined based on country of incorporation/operation for non-individuals and residence for individuals.

	The Group			
	2023		2022	
In $ millions	**Contingent liabilities**	**Commitments [1]**	Contingent liabilities	Commitments [1]
Analysed by geography				
Singapore	**14,866**	**93,054**	14,489	88,901
Malaysia	**3,131**	**21,249**	3,248	20,930
Thailand	**2,017**	**25,331**	1,891	24,414
Indonesia	**1,631**	**9,812**	1,851	6,680
Greater China	**5,274**	**34,604**	5,698	35,085
Others	**3,849**	**24,271**	4,394	23,681
	30,768	**208,321**	31,571	199,691
Analysed by industry				
Transport, storage and communication	**1,921**	**8,173**	1,999	8,227
Building and construction	**9,793**	**31,902**	10,196	31,894
Manufacturing	**4,047**	**28,229**	4,217	27,774
Financial institutions, investment and holding companies	**2,789**	**29,129**	3,102	28,401
General commerce	**8,506**	**48,627**	8,959	43,651
Professionals and private individuals	**221**	**44,674**	228	39,983
Housing loans	**–**	**5,030**	–	6,839
Others	**3,491**	**12,557**	2,870	12,922
	30,768	**208,321**	31,571	199,691

(1) Excluding lease and capital commitments.

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) *Credit quality*

i. Non-trading gross loans are graded in accordance with MAS Notice 612 as follows:

	The Group			
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2023				
Pass	**292,976**	**14,262**	**–**	**307,238**
Special mention	**–**	**5,298**	**–**	**5,298**
Substandard	**–**	**–**	**3,143**	**3,143**
Doubtful	**–**	**–**	**922**	**922**
Loss	**–**	**–**	**805**	**805**
	292,976	**19,560**	**4,870**	**317,406**
2022				
Pass	300,955	7,597	–	308,552
Special mention	–	3,273	–	3,273
Substandard	–	–	3,185	3,185
Doubtful	–	–	796	796
Loss	–	–	1,079	1,079
	300,955	10,870	5,060	316,885

ii. Non-trading government treasury bills and securities and debt securities

The table below presents an analysis of non-trading government treasury bills and securities and debt securities that are neither past due nor impaired for the Group by rating agency designation as at 31 December:

	The Group			
	Singapore government treasury bills and securities	**Other government treasury bills and securities**	**Debt securities**	
In $ millions	**Stage 1**	**Stage 1**	**Stage 1**	**Stage 2**
2023				
External rating:				
Investment grade (AAA to BBB-)	**12,963**	**23,556**	**34,125**	**393**
Non-investment grade (BB+ to C)	**–**	**68**	**–**	**–**
Unrated	**–**	**313**	**9,032**	**478**
	12,963	**23,937**	**43,157**	**871**
2022				
External rating:				
Investment grade (AAA to BBB-)	11,749	18,403	19,321	56
Non-investment grade (BB+ to C)	–	6	–	–
Unrated	–	168	12,841	193
	11,749	18,577	32,162	249

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) Credit quality (continued)

iii. Non-trading other assets

In $ millions	The Group Stage 1	Stage 2	Total
2023			
Cash, balances and placements with central banks	**50,647**	**60**	**50,707**
Placements and balances with banks	**23,193**	**394**	**23,587**
Other assets	**4,893**	**266**	**5,159**
	78,733	**720**	**79,453**
2022			
Cash, balances and placements with central banks	47,718	44	47,762
Placements and balances with banks	26,478	313	26,791
Other assets	4,542	230	4,772
	78,738	587	79,325

iv. Loan commitments and contingents, excluding non-financial guarantees

In $ millions	The Group Stage 1	Stage 2	Stage 3	Total
2023				
Pass	**216,186**	**5,231**	**–**	**221,417**
Special mention	**–**	**584**	**–**	**584**
Substandard	**–**	**–**	**36**	**36**
Doubtful	**–**	**–**	**–**	**–**
Loss	**–**	**–**	**7**	**7**
	216,186	**5,815**	**43**	**222,044**
2022				
Pass	211,360	3,405	–	214,765
Special mention	1	396	–	397
Substandard	–	–	27	27
Doubtful	–	–	1	1
Loss	–	–	14	14
	211,361	3,801	42	215,204

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for the financial year ended 31 December 2023

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(v) Ageing analysis of past due but not impaired loans

	The Group			
In $ millions	< 30 days	30 - 59 days	60 - 90 days	Total
Analysed by geography [1]				
2023				
Singapore	**1,380**	**275**	**94**	**1,749**
Malaysia	**655**	**290**	**159**	**1,104**
Thailand	**446**	**145**	**86**	**677**
Indonesia	**96**	**36**	**18**	**150**
Greater China	**810**	**68**	**7**	**885**
Others	**753**	**164**	**26**	**943**
	4,140	**978**	**390**	**5,508**
2022				
Singapore	1,258	328	87	1,673
Malaysia	688	289	146	1,123
Thailand	614	159	71	844
Indonesia	63	24	15	102
Greater China	242	33	182	457
Others	396	9	36	441
	3,261	842	537	4,640

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

	The Group			
In $ millions	< 30 days	30 - 59 days	60 - 90 days	Total
Analysed by industry				
2023				
Transport, storage and communication	**183**	**9**	**5**	**197**
Building and construction	**619**	**185**	**30**	**834**
Manufacturing	**482**	**79**	**8**	**569**
Financial institutions, investment and holding companies	**926**	**37**	**1**	**964**
General commerce	**319**	**113**	**40**	**472**
Professionals and private individuals	**593**	**212**	**114**	**919**
Housing loans	**803**	**328**	**177**	**1,308**
Others	**215**	**15**	**15**	**245**
	4,140	**978**	**390**	**5,508**

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(v) Ageing analysis of past due but not impaired loans (continued)

In $ millions	The Group < 30 days	30 - 59 days	60 - 90 days	Total
Analysed by industry (continued)				
2022				
Transport, storage and communication	209	4	3	216
Building and construction	390	37	215	642
Manufacturing	300	85	16	401
Financial institutions, investment and holding companies	541	1	–	542
General commerce	372	67	34	473
Professionals and private individuals	582	236	100	918
Housing loans	752	392	159	1,303
Others	115	20	10	145
	3,261	842	537	4,640

(vi) Ageing analysis of non-performing assets

	The Group					
In $ millions	Current	< 90 days	90 - 180 days	> 180 days	Total	Stage 3 ECL
Analysed by geography [(1)]						
2023						
Singapore	**351**	**112**	**192**	**705**	**1,360**	**431**
Malaysia	**124**	**74**	**96**	**806**	**1,100**	**374**
Thailand	**155**	**110**	**176**	**382**	**823**	**301**
Indonesia	**95**	**36**	**45**	**292**	**468**	**154**
Greater China	**40**	**10**	**86**	**410**	**546**	**154**
Others	**173**	**56**	**77**	**267**	**573**	**146**
Non-performing loans	**938**	**398**	**672**	**2,862**	**4,870**	**1,560**
Debt securities, contingent items and others	**45**	**2**	**7**	**22**	**76**	**30**
	983	**400**	**679**	**2,884**	**4,946**	**1,590**
2022						
Singapore	274	205	64	1,027	1,570	492
Malaysia	225	123	76	804	1,228	427
Thailand	201	154	151	324	830	281
Indonesia	221	127	30	236	614	227
Greater China	7	14	154	281	456	200
Others	11	175	1	175	362	93
Non-performing loans	939	798	476	2,847	5,060	1,720
Debt securities, contingent items and others	39	19	–	9	67	35
	978	817	476	2,856	5,127	1,755

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

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for the financial year ended 31 December 2023

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(vi) Ageing analysis of non-performing assets (continued)

	The Group					
In $ millions	**Current**	**< 90 days**	**90 - 180 days**	**> 180 days**	**Total**	**Stage 3 ECL**
Analysed by industry						
2023						
Transport, storage and communication	**82**	**50**	**18**	**74**	**224**	**84**
Building and construction	**327**	**45**	**180**	**925**	**1,477**	**323**
Manufacturing	**229**	**12**	**104**	**388**	**733**	**285**
Financial institutions, investment and holding companies	**1**	**12**	**7**	**140**	**160**	**76**
General commerce	**64**	**107**	**69**	**402**	**642**	**243**
Professionals and private individuals	**69**	**48**	**149**	**71**	**337**	**149**
Housing loans	**130**	**118**	**127**	**474**	**849**	**182**
Others	**36**	**6**	**18**	**388**	**448**	**218**
Non-performing loans	**938**	**398**	**672**	**2,862**	**4,870**	**1,560**
Debt securities, contingent items and others	**45**	**2**	**7**	**22**	**76**	**30**
	983	**400**	**679**	**2,884**	**4,946**	**1,590**
2022						
Transport, storage and communication	56	120	18	208	402	131
Building and construction	174	236	140	595	1,145	299
Manufacturing	286	136	37	381	840	356
Financial institutions, investment and holding companies	13	4	–	34	51	20
General commerce	101	69	57	649	876	352
Professionals and private individuals	99	35	126	88	348	115
Housing loans	180	189	94	459	922	209
Others	30	9	4	433	476	238
Non-performing loans	939	798	476	2,847	5,060	1,720
Debt securities, contingent items and others	39	19	–	9	67	35
	978	817	476	2,856	5,127	1,755

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(vii) Security coverage of non-performing assets

In $ millions	Collateral/Credit enhancement Properties	Fixed deposits	Others	Unsecured credit exposure	Total
The Group					
2023					
Loans to customers	**2,394**	**6**	**142**	**2,328**	**4,870**
Debt securities	**–**	**–**	**–**	**14**	**14**
Others (including commitments and contingents)	**21**	**3**	**–**	**38**	**62**
Of which: Credit-impaired assets with nil ECL due to collateral/ credit enhancement	**634**	**1**	**80**	**–**	**715**
2022					
Loans to customers	2,532	5	165	2,358	5,060
Debt securities	–	–	–	15	15
Others (including commitments and contingents)	11	3	–	38	52
Of which: Credit-impaired assets with nil ECL due to collateral/ credit enhancement	703	2	17	–	722

Collaterals possessed to settle outstanding loans were immaterial.

(b) Foreign exchange risk and equity risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

The Group's foreign exchange exposures comprise trading and banking (non-trading and structural) foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from investments and funding activities and customer businesses. Structural foreign currency exposures are represented by the net asset values of overseas branches and subsidiaries, share of the net asset values of overseas associates and joint ventures, intangible assets attributable to overseas subsidiaries, and long-term investment in overseas properties used for banking purposes, which are strategic in nature. The Group utilises foreign currency contracts and foreign exchange derivatives to hedge its foreign exchange exposures.

Foreign exchange risk is managed through policies and market risk limits approved by the Group Asset and Liability Committee (ALCO). The limits are independently monitored by Group Market Risk and Product Control.

At 31 December 2023, banking book foreign currency Expected Shortfall (ES) inclusive of structural foreign currency ES was $19.9 million (2022: $27.5 million).

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for the financial year ended 31 December 2023

45. Financial Risk Management (continued)

(b) Foreign exchange risk and equity risk (continued)

Equity risk in the banking book arises from equity investments held for long-term strategic reasons. At the end of the reporting period, if the equity prices of these investments had been 1% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $35.6 million (2022: $37.9 million) higher/lower as a result of an increase/decrease in the fair value of equity investments classified as FVOCI.

(c) Interest rate risk in the banking book

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure arises from differences in the maturity and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Group's policies as approved by the ALCO.

The Group's interest rate risk sensitivity is measured as changes in economic value of equity (EVE) or net interest income (NII) based on Basel Interest Rate Risk in the Banking Book (IRRBB) requirements.

Changes in EVE is the simulated change of present value of assets less present value of liabilities of the Group, computed based on repricing cash flow of principal and interests including commercial margin and discounted using risk free rate. Changes in NII is the simulated change in the Group's net interest income over a one year time horizon. Interest rate flooring effects according to revised MAS Notice 637 requirements are taken into consideration. The repricing profile of loans is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Loan prepayment, time deposit early withdrawals rates and future drawdown of undrawn commitments are estimated based on past statistics and trends where possible and material. The average repricing maturity of non-maturity deposits is determined through empirical studies following the two step approach per Basel IRRBB guideline. Behavioural assumptions based on historical trends or expert judgements are applied where appropriate. As of 31 December 2023, average and longest repricing maturity assigned to non-maturity deposits (NMDs) are 8 and 36 months. Total changes in EVE and NII are summation of changes in EVE and NII of each currency with significant exposures and other currencies on aggregated basis. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

The table below shows the Group's changes in EVE and NII under various interest rate scenarios specified in IRRBB Standard published by Basel Committee in 2016.

	The Group
In $ millions	**2023**
Changes in EVE under standardised interest rate shock scenarios [(1)]	
Parallel up	**(1,577)**
Parallel down	**1,989**
Steepener	**(1,726)**
Flattener	**1,390**
Short rate up	**536**
Short rate down	**(569)**
Maximum	**(1,726)**
Changes in NII under standardised interest rate shock scenarios [(1)]	
Parallel up	**1,012**
Parallel down	**(1,561)**
Maximum	**(1,561)**

(1) This information is disclosed for the first time for 2023. Comparative numbers will be provided from 2024 onwards.

45. Financial Risk Management (continued)

(d) Interest rate benchmark reform

The Group has established a Project Steering Committee (PSC) with taskforces and business unit programme managers in order to manage, monitor and address the impact of the replacement of various interest rate benchmarks globally. The key risks being managed arise from pricing risk on amending existing contracts; operational risk from updating systems and processes; and conduct risk – ensuring we treat our clients fairly when we update existing contracts.

The PSC is co-chaired by Group Chief Risk Officer (CRO) and Head of Group Global Markets and comprises senior representatives from functions across the Bank including the client-facing teams, Finance, Operations and Technology, Data Management Office and Group International Management. The PSC provides regular updates to the BRMC.

The Group successfully managed the transition of SOR, London Interbank Offered Rate (LIBOR) and Thai Baht Interest Rate Fixing (THBFIX), and has in place detailed plans, processes and procedures to support the transition of Singapore Interbank Offered Rate (SIBOR) and other benchmarks in accordance with regulatory timelines.

As at 31 December 2023, the Bank's and Group's exposure to significant interest rate benchmarks subject to reform is not significant and no hedge accounting relationship is affected by interest rate benchmark reform.

(e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans.

The Group manages liquidity risk in accordance with the liquidity framework approved by the ALCO. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress-test analysis of cash flows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan. The Group is also required by the respective local regulators to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements. The main objectives are honouring all cash outflow commitments on an ongoing basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

The following table shows the cash flow analysis of the Group's assets and liabilities by remaining contractual maturities on an undiscounted basis. Actual maturity dates may differ from contractual maturity dates due to behavioural patterns such as prepayment of loans. In particular, the Group has a significant amount of "core deposits" of customers which are contractually at call (included in the "Up to 7 days" time band) but historically have been a stable source of long-term funding for the Group.

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for the financial year ended 31 December 2023

45. Financial Risk Management (continued)

(e) Liquidity risk (continued)

	The Group							
In $ millions	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity	Total
2023								
Cash, balances and placements with central banks	13,387	15,358	13,983	3,030	–	–	7,055	52,813
Securities	355	813	4,507	14,214	28,546	53,837	2,536	104,808
Placements and balances with banks	7,881	7,099	9,858	7,756	638	2,153	146	35,531
Loans to customers	16,649	36,372	30,817	57,252	81,800	161,001	32	383,923
Investment in associates and joint ventures	–	–	–	–	–	–	1,266	1,266
Goodwill and intangible assets	–	–	–	–	–	–	4,984	4,984
Derivative financial assets	–	–	–	–	–	–	9,707	9,707
Others	80	88	169	130	5	5,283	4,933	10,688
Total assets	38,352	59,730	59,334	82,382	110,989	222,274	30,659	603,720
Deposits and balances of customers	196,128	43,003	58,709	86,721	4,321	1,257	(53)	390,086
Deposits and balances of banks, and bills and drafts payable	15,327	11,535	3,843	2,149	382	202	8	33,446
Debts issued	1,032	2,497	6,840	9,298	13,458	9,284	(1,130)	41,279
Derivative financial liabilities	–	–	–	–	–	–	11,768	11,768
Others	3,125	164	311	519	318	171	4,719	9,327
Total liabilities	215,612	57,199	69,703	98,687	18,479	10,914	15,312	485,906
Equity attributable to:								
Equity holders of the Bank	–	38	–	70	1,112	1,956	43,478	46,654
Non-controlling interests	–	–	–	–	–	–	242	242
Total equity	–	38	–	70	1,112	1,956	43,720	46,896
Net on-balance sheet position	(177,260)	2,493	(10,369)	(16,375)	91,398	209,404	(28,373)	
Net off-balance sheet position	(59,860)	(1,175)	(1,233)	(952)	(462)	(2,514)	(74)	
Net maturity mismatch	(237,120)	1,318	(11,602)	(17,327)	90,936	206,890	(28,447)	

45. Financial Risk Management (continued)

(e) Liquidity risk (continued)

	The Group							
In $ millions	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity	Total
2022								
Cash, balances and placements with central banks	9,964	12,712	15,999	3,792	450	1,139	5,713	49,769
Securities	330	1,016	3,914	9,551	22,457	43,238	2,388	82,894
Placements and balances with banks	10,675	5,932	7,424	6,225	860	4,513	114	35,743
Loans to customers	17,068	37,384	27,228	51,770	84,375	162,325	2,412	382,562
Investment in associates and joint ventures	–	–	–	–	–	–	1,258	1,258
Goodwill and intangible assets	–	–	–	–	–	–	4,900	4,900
Derivative financial assets	–	–	–	–	–	–	13,802	13,802
Others	84	208	372	1,112	160	6,484	3,061	11,481
Total assets	38,121	57,252	54,937	72,450	108,302	217,699	33,648	582,409
Deposits and balances of customers	183,574	37,063	59,808	84,436	6,747	410	(84)	371,954
Deposits and balances of banks, and bills and drafts payable	10,177	5,908	5,900	1,156	2,255	144	(19)	25,521
Debts issued	1,089	2,676	10,331	8,248	10,234	11,388	(1,552)	42,414
Derivative financial liabilities	–	–	–	–	–	–	16,218	16,218
Others	4,359	23	14	226	234	805	3,194	8,855
Total liabilities	199,199	45,670	76,053	94,066	19,470	12,747	17,757	464,962
Equity attributable to:								
Equity holders of the Bank	–	15	–	956	125	4,190	38,402	43,688
Non-controlling interests	–	–	–	–	–	–	240	240
Total equity	–	15	–	956	125	4,190	38,642	43,928
Net on-balance sheet position	(161,078)	11,567	(21,116)	(22,572)	88,707	200,762	(22,751)	
Net off-balance sheet position	(66,098)	(1,596)	(913)	(915)	(729)	(2,880)	(83)	
Net maturity mismatch	(227,176)	9,971	(22,029)	(23,487)	87,978	197,882	(22,834)	

The Group is subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Notes 38 and 39(a) respectively. These have been incorporated in the net off-balance sheet position for financial years ended 31 December 2023 and 2022. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

45. Financial Risk Management (continued)

(f) Expected Shortfall

The Group adopts a daily Expected Shortfall (ES) to estimate market risk within a 97.5% confidence interval over a one-day holding period, using the historical simulation method for its trading book. This entails the estimation of tail loss based on the most recent historical data. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. It assumes that possible future changes in market rates may be implied by observed historical market movements. ES is the average portfolio loss, assuming that the loss is greater than the specified percentile of the loss distribution.

The table below shows the trading book ES profile by risk classes.

	The Group			
In $ millions	**Year end**	**High**	**Low**	**Average**
2023				
Interest rate	**4.51**	**6.61**	**2.42**	**3.78**
Foreign exchange	**2.36**	**6.36**	**0.90**	**2.32**
Equity	**0.18**	**1.22**	**0.08**	**0.34**
Commodity	**0.47**	**2.10**	**0.32**	**0.70**
Credit (2)	**4.48**	**6.22**	**1.55**	**3.90**
Volatility (2)	**0.83**	**1.56**	**0.56**	**1.03**
Total ES (1)	**12.73**	**15.50**	**7.18**	**10.89**
2022				
Interest rate	3.63	6.56	1.76	2.75
Foreign exchange	3.68	6.26	0.56	2.49
Equity	0.27	1.09	0.13	0.57
Commodity	0.53	11.71	0.19	0.55
Total ES (1)	9.07	16.92	5.00	8.37

(1) Total ES includes jump-to-default risk component (refers to the risk that a financial instrument where the mark-to-market value directly depends on the credit quality of one or more reference underlying, may experience sudden price changes due to an unexpected default of one of these reference underlying).
(2) For the Credit and Volatility ES, the comparative data for 2022 is not readily available.

46. Capital Management

The Group seeks to maintain an optimal level of capital to support its business growth strategies and investment opportunities, while meeting regulatory requirements and maintaining a strong credit rating. The Group's capital position is proactively managed over the medium term through the Internal Capital Adequacy Assessment Process which includes setting capital targets, forecasting capital consumption for material risks and determining capital issuance requirements. The Group, including the Bank and its overseas banking entities, have complied with all externally-imposed regulatory capital requirements throughout the financial year.

The Group is subject to the Basel III capital adequacy standards, as prescribed in the MAS Notice 637. The Group's Common Equity Tier 1 capital comprises mainly paid-up ordinary share capital and disclosed reserves. Additional Tier 1 capital includes eligible non-cumulative non-convertible perpetual capital securities while Tier 2 capital comprises subordinated notes and excess of accounting provisions over MAS Notice 637 expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks.

	The Group	
In $ millions	**2023**	2022
Common Equity Tier 1 capital (CET1)	**37,076**	34,405
Additional Tier 1 capital	**2,751**	2,780
Tier 1 capital	**39,827**	37,185
Tier 2 capital	**5,840**	6,179
Eligible total capital	**45,667**	43,364
Risk-weighted assets (RWA)	**275,930**	259,098
Capital adequacy ratios (CAR) (%)		
CET1	**13.4**	13.3
Tier 1	**14.4**	14.4
Total	**16.6**	16.7

47. 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. Goodwill is mainly attributable to the synergies expected to arise within the Group after acquisition. Other intangible assets relate to Citigroup's consumer business customer relationships and core deposits. The provisional goodwill as at the acquisition date has been allocated to Group Retail CGU (refer to Note 44(a)) and was determined as follows:

Notes to the Financial Statements

for the financial year ended 31 December 2023

47. Acquisition of Consumer Business (continued)

In $ millions	The Group 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.

48. Authorisation of Financial Statements

The financial statements were authorised for issue by the Board of Directors on 21 February 2024.

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2023

Additional Information