

Announcement

To: All Shareholders

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

Unaudited Financial Results for the First Half Ended 30 June 2022

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

Dividends for the First Half Ended 30 June 2022

Ordinary share dividend

An interim one-tier tax-exempt dividend of 60 cents (1H21: 60 cents) per ordinary share has been declared in respect of the financial year ending 31 December 2022. The dividend will be paid in cash on 22 August 2022. The UOB scrip dividend scheme will not be applied to the interim dividend.

Notice is hereby given that the Share Transfer Books and Register of Members of the Bank will be closed on 11 August 2022, for determining shareholders' entitlements to the interim dividend. Registrable transfers received by the Bank's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 pm on 10 August 2022 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the interim dividend will be computed based on the shareholdings position after settlement of all trades on 10 August 2022 ("Record Date"). The interim dividend will be paid by the Bank to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

Interested Person Transactions

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

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the first half ended 30 June 2022 to be false or misleading in any material aspect.

Undertakings from Directors and Executive Officers

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

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

Joyce Sia / Theresa Sim
Company Secretaries

Dated this 29th day of July 2022

The results are also available at www.UOBgroup.com



UNITED OVERSEAS BANK LIMITED AND ITS SUBSIDIARIES

Condensed Interim Financial Statements

For the First Half Ended 30 June 2022

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

United Overseas Bank Limited and Its Subsidiaries

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

Abbreviation

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

United Overseas Bank Limited and Its Subsidiaries

Financial Highlights

	1H22	1H21	+ / (-) %	2H21	+ / (-) %
Selected income statement items (\$m)					
Net interest income	3,549	3,107	14	3,282	8
Net fee and commission income	1,139	1,200	(5)	1,156	(2)
Other non-interest income	374	596	(37)	449	(17)
Total income	5,061	4,903	3	4,887	4
Less: Operating expenses	2,241	2,146	4	2,167	3
Operating profit	2,820	2,757	2	2,720	4
Less: Allowance for credit and other losses	315	383	(18)	275	15
Add: Share of profit of associates and joint ventures	52	70	(26)	47	9
Net profit before tax	2,557	2,444	5	2,492	3
Less: Tax and non-controlling interests	538	433	24	429	25
Net profit after tax ¹	2,018	2,011	0	2,063	(2)

Selected balance sheet items (\$m)

Gross customer loans	321,677	298,597	8	310,800	3
Customer deposits	358,051	338,894	6	352,633	2
Total assets	493,288	446,506	10	459,323	7
Shareholders' equity ¹	42,257	42,031	1	42,633	(1)

Key financial ratios (%)

Net interest margin ²	1.63	1.56		1.55	
Non-interest income/Total income	29.9	36.6		32.8	
Cost/Income ratio	44.3	43.8		44.3	
Overseas profit before tax contribution	36.8	43.4		40.9	
Credit costs on loans (bp) ²					
General	-	10		(5)	
Specific	20	15		21	
Total	20	24		16	
NPL ratio ³	1.7	1.5		1.6	

Notes:

1 Relate to amount attributable to equity holders of the Bank.

2 Computed on an annualised basis.

3 Refer to non-performing loans as a percentage of gross customer loans.

United Overseas Bank Limited and Its Subsidiaries

Financial Highlights (cont'd)

	1H22	1H21	2H21
Key financial ratios (%) (cont'd)			
Return on average ordinary shareholders' equity ^{1,2}	9.9	10.1	10.2
Return on average total assets ¹	0.85	0.92	0.91
Return on average risk-weighted assets ¹	1.53	1.72	1.65
Loan/Deposit ratio ³	88.7	86.9	87.0
Liquidity coverage ratios ("LCR") ^{4,8}			
All-currency	135	135	135
Singapore Dollar	307	278	340
Net stable funding ratio ("NSFR") ^{5,8}	111	123	116
Capital adequacy ratios			
Common Equity Tier 1	13.1	14.2	13.5
Tier 1	14.0	15.2	14.4
Total	16.4	18.1	16.6
Leverage ratio ⁶	6.6	7.4	7.2
Earnings per ordinary share (\$) ^{1,2}			
Basic	2.37	2.36	2.42
Diluted	2.36	2.35	2.41
Net asset value ("NAV") per ordinary share (\$) ⁷	23.81	23.65	24.08
Revalued NAV per ordinary share (\$) ⁷	26.90	26.68	27.16

Notes:

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

Performance Review

1H22 versus 1H21

The Group maintained net profit of \$2.02 billion, driven by strong net interest income growth and stable credit allowance.

Net interest income increased 14% to \$3.55 billion as net interest margin rose seven basis points coupled with a healthy loan growth of 8%, mainly from an increase in working capital loans and mortgages.

Net fee and commission income was 5% lower at \$1.14 billion. Wealth and fund management fees dipped as investors stay cautious amid macroeconomics uncertainties. However, loan-related and trade-related were at a new high, spurred by a pick-up in business demand for trade and investment opportunities. Credit card fees were also at record levels as consumer spending rose with borders reopening and travelling resumed.

Customer-related treasury income grew 9% as more customers opted to hedge their exposures. However, the Group's non-interest income declined 37% to \$374 million in the absence of the large gains from bond sales a year ago and from lower valuation on investments in a bearish market.

Total expenses increased 4% to \$2.24 billion in tandem with higher income. The Group continued to prioritise strategic investments in people and technology while maintaining cost discipline. The cost-to-income ratio for the year rose marginally to 44.3%.

Total allowance declined 18% on lower general allowance while specific allowances was higher due to downgrade of a major but non-systemic corporate account. Total credit costs on loans were at 20 basis points, in line with expectations.

1H22 versus 2H21

Compared with the second half of last year, net profit was stable at \$2.02 billion driven by margin expansion and credit costs normalised to 20 basis points. Net interest income was 8% from higher net interest margin and healthy loan growth. Net fee and commission income was slightly lower at \$1.14 billion, largely due to market led softness in wealth management and fund management fees, even as loan-related and credit card fees being at record levels. Other non-interest income decreased 17% mainly from lower valuations on investments.

Cost-to-income ratio stable at 44.3%. Total allowance decreased to \$315 million largely due to a write-back of general allowance taken last year.

Asset Quality

Asset quality remained resilient. The non-performing loan ratio increased slightly to 1.7% in 1H22 due mainly to a few major corporate accounts downgrade. The non-performing assets coverage remained adequate at 91% or 185% after taking collateral into account.

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

Capital, Funding and Liquidity Positions

The Group's liquidity and funding positions remained healthy with 1H22's average all-currency liquidity coverage ratio at 135% and net stable funding ratio at 111%, well above the minimum regulatory requirements. The loan-to-deposit ratio was stable at 88.7%.

As at 30 June 2022, the Group's Common Equity Tier 1 Capital Adequacy Ratio remained healthy at 13.1%. Leverage ratio of 6.6% was more than two times above the regulatory requirement.

United Overseas Bank Limited and Its Subsidiaries

Net Interest Income

Net interest margin

	1H22			1H21			2H21		
	Average balance	Average Interest	Average rate	Average balance	Average Interest	Average rate	Average balance	Average Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Interest bearing assets									
Customer loans	315,663	3,884	2.48	287,055	3,411	2.40	301,442	3,506	2.31
Interbank balances	66,280	329	1.00	65,842	244	0.75	65,253	223	0.68
Securities	58,101	464	1.61	47,996	398	1.67	52,109	423	1.61
Total	440,044	4,678	2.14	400,892	4,053	2.04	418,804	4,151	1.97
Interest bearing liabilities									
Customer deposits	360,422	931	0.52	330,644	823	0.50	347,506	746	0.43
Interbank balances/others	55,614	198	0.72	49,184	123	0.50	47,752	124	0.51
Total	416,035	1,129	0.55	379,828	946	0.50	395,258	870	0.44
Net interest margin ¹	1.63			1.56			1.55		

Net Interest Income (cont'd)

	1H22 vs 1H21			1H22 vs 2H21		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m
Interest income						
Customer loans	340	134	474	165	277	442
Interbank balances	2	84	85	4	109	112
Securities	84	(17)	67	49	1	49
Total	425	200	625	218	387	604
Interest expense						
Customer deposits	74	34	108	28	172	200
Interbank balances/others	16	59	75	20	57	78
Total	90	93	183	48	230	278
Change in number of days	-	-	-	-	-	(59)
Net interest income	335	107	442	169	157	267

Net interest income for the first half of 2022 grew 14% against last year to \$3.55 billion, as net interest margin rose seven basis points coupled with a healthy loan growth of 8%.

Compared with the second half last year, net interest income was 8% higher alongside loan growth and higher net interest margin of 1.63%.

Note:

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

United Overseas Bank Limited and Its Subsidiaries

Non-Interest Income

	1H22	1H21	+/(−)	2H21	+/(−)
	\$m	\$m	%	\$m	%
Net fee and commission income					
Credit card ¹	268	205	31	242	11
Fund management	128	171	(25)	154	(17)
Wealth management ⁴	297	407	(27)	361	(18)
Loan-related ²	395	365	8	334	18
Service charges	71	68	4	71	0
Trade-related ³	164	149	10	160	2
Others	12	9	39	10	23
	1,335	1,374	(3)	1,332	0
Less: Fee and commission expenses	196	174	13	176	12
	1,139	1,200	(5)	1,156	(2)
Other non-interest income					
Net trading income ⁴	317	314	1	255	24
Net (loss)/gain from investment securities	(59)	148	(>100)	69	(>100)
Dividend income	27	25	8	16	71
Rental income	53	53	2	52	2
Other income	35	56	(37)	57	(37)
	374	596	(37)	449	(17)
Total	1,512	1,796	(16)	1,605	(6)

Net fee and commission income for the first half of the year was 5% lower at \$1.14 billion affected by softer wealth and fund management fees amid cautious market sentiments. However, loan and trade-related were at a new high, spurred by a pick-up in business demand for trade and investment opportunities. Credit card fees were at record levels as consumer spending increased with borders reopening and travelling resumed.

Customer-related treasury income grew 9% year-on-year with more customers opted to hedge their exposures. However the Group's non-interest income declined 37% to \$374 million in the absence of the large gains from bond sales a year ago and from lower valuations on investments in a bearish market.

Against the second half last year, net fee and commission income was slightly lower at \$1.14 billion, largely due to market led softness in wealth management and fund management fees, which more than offset record levels of loan-related and credit card fees. Other non-interest income decreased 17% mainly from lower valuations on investments.

Notes:

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

United Overseas Bank Limited and Its Subsidiaries

Operating Expenses

	1H22	1H21	+ / (-)	2H21	+ / (-)
	\$m	\$m	%	\$m	%
Staff costs	1,323	1,327	(0)	1,275	4
Other operating expenses					
Revenue-related	293	269	9	292	0
IT-related	357	306	17	333	7
Occupancy-related	155	160	(3)	155	0
Others	113	84	35	113	0
	918	819	12	892	3
Total	2,241	2,146	4	2,167	3
Of which,					
Depreciation of assets	249	236	6	253	(2)
Manpower (number)	24,516	24,571	(0)	24,346	1

Total expenses increased 4% to \$2.24 billion for the first half of the year as the Group continued to prioritise strategic investments in people and technology while maintaining cost discipline. The cost-to-income ratio for 1H22 rose marginally to 44.3%.

Total operating expenses increased 3% against the second half of last year mainly from higher staff costs.

United Overseas Bank Limited and Its Subsidiaries

Allowance for Credit and Other Losses

	1H22	1H21	+ / (-)	2H21	+ / (-)
	\$m	\$m	%	\$m	%
General allowance ¹	4	191	(98)	(96)	>100
Specific allowance ²					
Specific allowance on loans ³	314	210	50	325	(3)
Singapore	26	33	(20)	34	(24)
Malaysia	89	33	>100	71	26
Thailand	23	78	(71)	84	(73)
Indonesia	48	41	17	86	(44)
Greater China ⁴	135	17	>100	39	>100
Others	(6)	8	(>100)	11	(>100)
Specific allowance on securities and others	(3)	(18)	83	46	(>100)
Total	315	383	(18)	275	15

Total allowance declined 18% to \$315 million on lower general allowances while specific allowance was higher due to downgrade of a major but non-systemic corporate account. Total credit costs on loans were at 20 basis points, in line with expectations.

Compared with the second half of last year, total allowance increased 15% to \$315 million mainly due to a write-back of general allowance in 2H21 with more confidence of the market recovery then.

Notes:

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

United Overseas Bank Limited and Its Subsidiaries

Customer Loans

	Jun-22	Dec-21	Jun-21
	\$m	\$m	\$m
Gross customer loans	321,677	310,800	298,597
Less: General allowance	2,538	2,562	2,641
Specific allowance	1,610	1,525	1,564
Net customer loans	317,529	306,713	294,392
By industry			
Transport, storage and communication	14,913	13,291	12,241
Building and construction	86,334	83,351	76,761
Manufacturing	25,678	22,589	24,734
Financial institutions, investment and holding companies	40,740	40,828	35,963
General commerce	39,131	37,305	37,763
Professionals and private individuals	24,284	25,132	25,345
Housing loans	73,776	72,069	69,645
Others	16,821	16,236	16,144
Total (gross)	321,677	310,800	298,597
By currency			
Singapore Dollar	139,253	137,685	133,710
US Dollar	72,459	62,800	59,841
Malaysian Ringgit	26,681	27,022	26,261
Thai Baht	18,842	18,956	17,364
Indonesian Rupiah	5,566	5,419	5,512
Others	58,876	58,918	55,908
Total (gross)	321,677	310,800	298,597
By maturity			
Within 1 year	142,177	129,757	127,445
Over 1 year but within 3 years	63,220	66,857	59,658
Over 3 years but within 5 years	35,939	35,312	32,996
Over 5 years	80,341	78,874	78,498
Total (gross)	321,677	310,800	298,597
By geography ¹			
Singapore	163,210	157,543	152,972
Malaysia	29,573	29,836	29,092
Thailand	20,562	20,857	19,640
Indonesia	11,325	10,162	10,663
Greater China	52,557	48,779	48,203
Others	44,450	43,623	38,027
Total (gross)	321,677	310,800	298,597

As at 30 June 2022, gross loans grew 8% year-on-year and 3% from the previous half to \$322 billion. The growth was led by broad-based increase in corporate loans and mortgages.

Singapore loans continue to be strong with the growth of 7% from a year ago and 4% from year end. Similar loan growth momentum in overseas with 9% increase year-on-year mainly from Greater China and western countries.

Note:

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

United Overseas Bank Limited and Its Subsidiaries

Non-Performing Assets

	Jun-22	Dec-21	Jun-21
	\$m	\$m	\$m
Loans ("NPL")	5,374	5,030	4,507
Debt securities and others	48	47	40
Non-performing assets ("NPA")	5,422	5,077	4,547

By grading

Substandard	3,926	3,529	2,975
Doubtful	444	421	351
Loss	1,052	1,127	1,221
Total	5,422	5,077	4,547

By security

Secured by collateral type:

Properties	2,586	2,824	2,431
Fixed deposits	8	12	9
Others ¹	160	200	219
	2,754	3,036	2,659
Unsecured	2,668	2,041	1,888
Total	5,422	5,077	4,547

By ageing

Current	1,431	1,505	718
Within 90 days	742	555	454
Over 90 to 180 days	667	244	446
Over 180 days	2,582	2,773	2,929
Total	5,422	5,077	4,547

Total allowance

General	2,912	2,941	3,040
Specific	1,643	1,556	1,588
Total	4,555	4,497	4,628

	NPL	NPL	NPL	NPL	NPL
	\$m	ratio	\$m	ratio	\$m
		%		%	
NPL by industry					
Transport, storage and communication	420	2.8	488	3.7	534
Building and construction	1,331	1.5	929	1.1	791
Manufacturing	889	3.5	880	3.9	820
Financial institutions, investment and holding companies	80	0.2	232	0.6	39
General commerce	926	2.4	1,002	2.7	992
Professionals and private individuals	302	1.2	336	1.3	332
Housing loans	933	1.3	966	1.3	857
Others	493	2.9	197	1.2	142
Total	5,374	1.7	5,030	1.6	4,507

Note:

1 Comprise mainly marine vessels.

Non-Performing Assets (cont'd)

NPL by geography ¹	NPL/NPA	NPL ratio	Specific allowance	Specific allowance as a % of NPL/NPA
	\$m	%	\$m	%
Singapore				
Jun-22	1,736	1.1	549	32
Dec-21	2,170	1.4	642	30
Jun-21	2,038	1.3	709	35
Malaysia				
Jun-22	1,244	4.2	285	23
Dec-21	829	2.8	226	27
Jun-21	682	2.3	187	27
Thailand				
Jun-22	656	3.2	204	31
Dec-21	751	3.6	237	32
Jun-21	718	3.7	258	36
Indonesia				
Jun-22	750	6.6	246	33
Dec-21	761	7.5	214	28
Jun-21	573	5.4	243	42
Greater China				
Jun-22	797	1.5	249	31
Dec-21	273	0.6	117	43
Jun-21	296	0.6	88	30
Others				
Jun-22	191	0.4	77	41
Dec-21	246	0.6	89	36
Jun-21	200	0.5	79	40
Group NPL				
Jun-22	5,374	1.7	1,610	30
Dec-21	5,030	1.6	1,525	30
Jun-21	4,507	1.5	1,564	35
Group NPA				
Jun-22	5,422		1,643	30
Dec-21	5,077		1,556	31
Jun-21	4,547		1,588	35
	Total allowance			
	as a % of NPA²		as a % of unsecured NPA²	
Group	%		%	
Jun-22	91		185	
Dec-21	96		239	
Jun-21	110		265	

The Group's overall credit portfolio remained healthy. Total NPL increased 7% from year end to \$5.37 billion largely due to a few major corporate accounts downgrade. Correspondingly, NPL ratio increased to 1.7% as at 30 June 2022.

The NPA coverage remained adequate at 91% or 185% after taking collateral into account. Reserve buffer with coverage for performing loans maintained prudently at 0.9%.

Notes:

- 1 NPL by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
- 2 Includes regulatory loss allowance reserves (RLAR) as part of total allowance.

United Overseas Bank Limited and Its Subsidiaries

Customer Deposits

	Jun-22	Dec-21	Jun-21
	\$m	\$m	\$m
By product			
Fixed deposits	142,463	137,079	141,591
Savings deposits	101,720	99,703	93,359
Current accounts	93,959	98,624	85,214
Others	19,909	17,227	18,730
Total	358,051	352,633	338,894
By maturity			
Within 1 year	354,805	350,888	335,864
Over 1 year but within 3 years	2,457	1,255	2,392
Over 3 years but within 5 years	385	61	183
Over 5 years	404	429	455
Total	358,051	352,633	338,894
By currency			
Singapore Dollar	162,042	155,713	151,478
US Dollar	99,314	100,927	94,559
Malaysian Ringgit	28,999	29,497	29,284
Thai Baht	21,816	21,327	19,646
Indonesian Rupiah	6,961	6,664	6,709
Others	38,919	38,505	37,218
Total	358,051	352,633	338,894
Group Loan/Deposit ratio (%)	88.7	87.0	86.9
Singapore Dollar Loan/Deposit ratio (%)	85.0	87.5	87.2
US Dollar Loan/Deposit ratio (%)	72.3	61.6	62.6

Customer deposits grew in tandem with loan growth by 6% year-on-year to \$358 billion as at 30 June 2022. Compared to second-half, customer deposits grew 2% mainly from fixed deposits.

As at 30 June 2022, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 88.7% and 85.0% respectively.

United Overseas Bank Limited and its Subsidiaries

Performance by Business Segment¹

Selected income statement items	GR	GWB	GM	Others	Total
	\$m	\$m	\$m	\$m	\$m
1H22					
Net interest income	1,146	2,015	218	170	3,549
Non-interest income	570	861	118	(37)	1,512
Operating income	1,716	2,876	336	133	5,061
Operating expenses	(895)	(695)	(116)	(535)	(2,241)
(Allowance for)/Write-back of credit and other losses	(17)	(161)	3	(140)	(315)
Share of profit of associates and joint ventures	-	27	-	25	52
Profit before tax	804	2,047	223	(517)	2,557
Tax					(537)
Profit for the financial period					2,020
Other information:					
Capital expenditure	16	30	0	222	268
Depreciation of assets	32	20	6	191	249
2H21					
Net interest income	1,068	1,820	201	193	3,282
Non-interest income	655	753	71	126	1,605
Operating income	1,723	2,573	272	319	4,887
Operating expenses	(933)	(705)	(114)	(415)	(2,167)
(Allowance for)/Write-back of credit and other losses	(82)	(86)	13	(120)	(275)
Share of profit of associates and joint ventures	-	13	-	34	47
Profit before tax	708	1,795	171	(182)	2,492
Tax					(423)
Profit for the financial period					2,069
Other information:					
Capital expenditure	18	14	0	261	293
Depreciation of assets	31	21	7	194	253
1H21					
Net interest income	1,082	1,705	196	124	3,107
Non-interest income	686	768	137	205	1,796
Operating income	1,768	2,473	333	329	4,903
Operating expenses	(860)	(652)	(117)	(517)	(2,146)
Allowance for credit and other losses	(49)	(325)	(1)	(8)	(383)
Share of profit of associates and joint ventures	-	12	-	58	70
Profit before tax	859	1,508	215	(138)	2,444
Tax					(427)
Profit for the financial period					2,017
Other information:					
Capital expenditure	14	21	2	220	257
Depreciation of assets	31	17	6	182	236

Note:

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

United Overseas Bank Limited and Its Subsidiaries

Performance by Business Segment¹ (cont'd)

Selected balance sheet items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
At 30 June 2022					
Segment assets	100,727	240,909	143,205	3,029	487,870
Intangible assets	1,313	2,082	658	89	4,142
Investment in associates and joint ventures	5	244	-	1,027	1,276
Total assets	102,045	243,235	143,863	4,145	493,288
Segment liabilities	155,023	207,851	68,153	19,776	450,803
Other information:					
Gross customer loans	100,763	220,202	459	253	321,677
Non-performing assets	1,092	3,975	26	329	5,422
At 31 December 2021					
Segment assets	99,311	234,472	83,615	36,535	453,933
Intangible assets	1,314	2,083	659	89	4,145
Investment in associates and joint ventures	5	193	-	1,047	1,245
Total assets	100,630	236,748	84,274	37,671	459,323
Segment liabilities	150,314	211,314	36,538	18,296	416,462
Other information:					
Gross customer loans	99,379	210,437	962	22	310,800
Non-performing assets	1,128	3,563	26	360	5,077
At 30 June 2021					
Segment assets	96,561	224,205	85,908	34,458	441,132
Intangible assets	1,314	2,083	659	88	4,144
Investment in associates and joint ventures	3	185	-	1,042	1,230
Total assets	97,878	226,473	86,567	35,588	446,506
Segment liabilities	147,820	199,489	41,670	15,277	404,256
Other information:					
Gross customer loans	96,748	201,060	773	16	298,597
Non-performing assets	1,075	3,365	27	80	4,547

Note:

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

Performance by Business Segment (cont'd)

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

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

Group Retail ("GR")

GR segment covers individual customers.

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

Profit before tax declined by 6% to \$804 million in 1H22 against a year ago. Total income was marginally lower at \$1.72 billion, mainly from softer wealth income as investors turned cautious against market uncertainties. This was partially offset by sustained CASA deposit growth and wider margin. In addition, the easing of COVID-related curbs across the region drove a pickup in credit card activities and the ensuing economic recovery in the region supported asset quality, with allowances for credit and other losses shrinking to \$17 million. Expenses rose 4% to \$895 million primarily from technology-related investments.

Compared with 2H21, profit before tax was 14% higher, largely from lower allowances for credit and other losses as loan relief programmes tapered off, and a decline in expenses as a result of active cost management. Total income was stable, with higher deposit margins negated by softer wealth momentum.

Group Wholesale Banking ("GWB")

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

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

Against last year, profit before tax advanced 36% to \$2.05 billion in 1H22, bolstered by broad-based growth drivers of higher margin, record loan and investment banking fees, as well as strong treasury customer flows. Expenses increased 7% to \$695 million, mainly from continued investments in product capabilities and staff related performance. Allowances for credit and other losses halved mainly on lower levels of pre-emptive general allowances, counterbalanced by higher specific allowances on a few major but non-systemic NPAs.

Profit before tax grew 14% compared with second half of last year, supported by sustained growth in volumes, loan fees and treasury income. This was partially offset by higher credit costs coming off a low base in 2H21.

Global Markets ("GM")

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

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

Profit before tax was 4% higher at \$223 million from higher foreign exchange and commodity trading on the back of market volatility, while there was a modest writeback in impairment charges.

Against 2H21, profit before tax improved 31%, mainly driven by higher trading and investment income.

Others

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

Loss before tax of \$517 million in 1H22 compared with \$138 million registered a year ago, largely attributable to mark-to-market headwinds on investments and fund management activities amid financial market rout, coupled with higher allowance for non-impaired assets and lower share of associates' profit.

Compared with 2H21, loss before tax widened mainly from valuation losses on investments and higher operating expenses.

Performance by Geographical Segment¹

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1H22							
Net interest income	1,856	423	361	207	349	353	3,549
Non-interest income	930	150	122	79	148	83	1,512
Operating income	2,786	573	483	286	497	436	5,061
Operating expenses	(1,243)	(240)	(290)	(181)	(201)	(86)	(2,241)
(Allowance for)/Write-back of credit and other losses	19	(88)	(20)	(51)	(126)	(49)	(315)
Share of profit of associates and joint ventures	54	(0)	-	-	(1)	(1)	52
Profit before tax	1,616	245	173	54	169	300	2,557
Total assets before intangible assets	286,133	44,648	29,197	12,572	68,455	48,141	489,146
Intangible assets	3,182	-	722	233	-	5	4,142
Total assets	289,315	44,648	29,919	12,805	68,455	48,146	493,288
2H21							
Net interest income	1,623	422	377	196	348	316	3,282
Non-interest income	905	156	124	95	155	170	1,605
Operating income	2,528	578	501	291	503	486	4,887
Operating expenses	(1,144)	(244)	(296)	(188)	(215)	(80)	(2,167)
(Allowance for)/Write-back of credit and other losses	2	(63)	(85)	(69)	(51)	(9)	(275)
Share of profit of associates and joint ventures	62	0	-	-	1	(16)	47
Profit before tax	1,448	271	120	34	238	381	2,492
Total assets before intangible assets	258,059	43,596	29,220	11,255	66,741	46,307	455,178
Intangible assets	3,182	-	723	234	-	6	4,145
Total assets	261,241	43,596	29,943	11,489	66,741	46,313	459,323
1H21							
Net interest income	1,538	416	359	196	316	282	3,107
Non-interest income	1,089	152	131	87	160	177	1,796
Operating income	2,627	568	490	283	476	459	4,903
Operating expenses	(1,205)	(213)	(289)	(165)	(196)	(78)	(2,146)
Allowance for credit and other losses	(109)	(74)	(51)	(76)	(44)	(29)	(383)
Share of profit of associates and joint ventures	63	0	-	-	1	6	70
Profit before tax	1,376	281	150	42	237	358	2,444
Total assets before intangible assets	254,666	42,489	26,339	10,772	64,836	43,260	442,362
Intangible assets	3,182	-	725	232	-	5	4,144
Total assets	257,848	42,489	27,064	11,004	64,836	43,265	446,506

Note:

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

Performance by Geographical Segment (cont'd)

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

Singapore

For the first half of 2022, profit before tax grew 17% year-on-year to \$1.62 billion against a backdrop of rising interest rates and stable credit conditions in Singapore. Despite financial market volatility, total income rose 6% to \$2.79 billion in 1H22, reflecting a diversified growth franchise. Net interest income surged 21% to \$1.86 billion, boosted by healthy loan growth and higher net interest margin amid rising rates. Non-interest income reduced 15% to \$930 million, as valuation losses on investments and softer wealth fees, dragged by financial market headwinds, masked growth momentum in card, loan and trade fees reaching new highs. Expenses increased 3% to \$1.24 billion, largely from technology investments in capabilities and revenue-related spend. The write-back of allowance for credit and other losses of \$19 million in 1H22 was mainly attributable to receding general allowance as macro conditions stabilised.

Profit before tax grew 12% compared with 2H21. The improvement in net interest income from margin and asset expansion was partly offset by expense growth for investments in people and technology.

Malaysia

Profit before tax declined 13% from a year ago to \$245 million in 1H22, mainly from acceleration in investments to support strategic initiatives, alongside increased allowance for credit and other losses. Total income was broadly stable at \$573 million, as improvement in net interest income from a higher asset base was met with lower wealth and fund management fees on cautious investor sentiment.

Against 2H21, profit before tax eased 10%, owing mainly to higher credit costs.

Thailand

Profit before tax advanced 14% year-on-year to \$173 million in 1H22, as credit costs more than halved in line with abating NPL formation. Total income was 2% lower than a year ago at \$483 million, but was 5% higher in constant-currency terms, with double-digit loan growth in mortgages and trade, buoying net interest income as well as loan and trade-related fees, partly negated by lower fund and wealth management fees amid market jitters. Operating expenses were relatively stable at \$290 million in 1H22.

Compared with 2H21, profit before tax rebounded 44%, on the back of markedly lower allowance as credit outlook stabilise with borders reopening. Operating profit narrowed 6% to \$193 million, due primarily to lower loan yield, partly cushioned by decrease in operating costs.

Indonesia

Profit before tax rose 29% to \$54 million in 1H22 against the corresponding period last year, supported by lower general allowance as credit environment stabilised. Total income was sustained at \$286 million as net interest income powered by double-digit loan expansion as well as growth in wealth and credit card fees were offset by softer treasury income. Expenses were 10% higher at \$181 million, primarily from revenue-related expenses and investments to strengthen technology/ digital capabilities.

Profit before tax surged 57% from a low base in 2H21, mainly buttressed by lower specific allowance. Operating profit was comparable at \$104 million, as the growth in net interest income as well as reduced expenses were offset by softer trading and investment income.

Greater China

First-half profit before tax decreased 29% year-on-year to \$169 million, due primarily to higher credit costs in relation to a major but non-systemic corporate NPL. Notwithstanding the slow down in economic activities, operating profit climbed 6% to \$295 million, as net interest income was lifted by loan growth and widened loan margin, while loan-related fees moderated from a higher base a year ago.

Compared with 2H21, profit before tax declined by 29%, largely due to the same corporate NPL. Total income was marginally lower by 1% at \$497 million from loan-related fees, while expenses pulled back 6% to \$201 million.

Others

Against 1H21 and 2H21, profit before tax decreased by 16% and 21% respectively to \$300 million, impacted by valuation losses on investments and higher credit allowance. This was partly cushioned by loan growth, spurring double-digit net interest income growth and sustained loan-related fees. Expenses rose 9% from a year ago and 6% half-on-half to \$86 million, largely relating to investments in people to support franchise growth.

United Overseas Bank Limited and Its Subsidiaries

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

	Jun-22	Dec-21	Jun-21
	\$m	\$m	\$m
Share capital	5,077	5,014	5,143
Disclosed reserves/others	34,241	34,663	33,932
Regulatory adjustments	(4,858)	(4,742)	(4,752)
Common Equity Tier 1 Capital ("CET1")	34,460	34,935	34,323
Perpetual capital securities/others	2,380	2,379	2,379
Additional Tier 1 Capital ("AT1")	2,380	2,379	2,379
Tier 1 Capital	36,840	37,314	36,702
Subordinated notes	4,874	4,320	5,298
Provisions/others	1,250	1,441	1,613
Tier 2 Capital	6,124	5,761	6,911
Eligible Total Capital	42,964	43,075	43,613
Risk-Weighted Assets ("RWA")	262,695	259,067	241,090
Capital Adequacy Ratios ("CAR")			
CET1	13.1%	13.5%	14.2%
Tier 1	14.0%	14.4%	15.2%
Total	16.4%	16.6%	18.1%
Leverage Exposure	558,189	517,243	498,595
Leverage Ratio	6.6%	7.2%	7.4%

The Group's CET1, Tier 1 and Total CAR as at 30 June 2022 remained well above the regulatory minimum requirements.

Total capital compared with 31 December 2021 decreased mainly due to lower valuation and foreign exchange translation reserves. Year on year, total capital was lower from redemption of Tier 2 subordinated notes and lower eligible provisions. The higher RWA was driven primarily by asset growth.

As at 30 June 2022, the Group's leverage ratio was 6.6%, comfortably above the regulatory minimum requirement of 3%.

Notes:

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

United Overseas Bank Limited and Its Subsidiaries
Consolidated Unaudited Income Statements for the financial period ended 30 June 2022

	The Group	
	1H22	1H21
	\$m	\$m
Interest income	4,678	4,053
Less: Interest expense	1,129	946
Net interest income	3,549	3,107
Net fee and commission income	1,139	1,200
Dividend income	27	25
Rental income	53	53
Net trading income	317	314
Net (loss)/gain from investment securities	(59)	148
Other income	35	56
Non-interest income	1,512	1,796
Total operating income	5,061	4,903
Less: Staff costs	1,323	1,327
Other operating expenses	918	819
Total operating expenses	2,241	2,146
Operating profit before allowance	2,820	2,757
Less: Allowance for credit and other losses	315	383
Operating profit after allowance	2,505	2,374
Share of profit of associates and joint ventures	52	70
Profit before tax	2,557	2,444
Less: Tax	537	427
Profit for the financial period	2,020	2,017
Attributable to:		
Equity holders of the Bank	2,018	2,011
Non-controlling interests	2	6
	2,020	2,017
Earnings per share (\$) ^{1,2}		
Basic	2.37	2.36
Diluted	2.36	2.35

Notes:

- 1 Computed on an annualised basis.
- 2 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.

United Overseas Bank Limited and Its Subsidiaries
Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2022

	The Group	
	1H22	1H21
	\$m	\$m
Profit for the financial period	2,020	2,017
Other comprehensive income that will not be reclassified to income statement		
Net (loss)/gain on equity instruments at fair value through other comprehensive income	(101)	149
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	24	8
Related tax on items at fair value through other comprehensive income	2	(12)
	(75)	145
Other comprehensive income that may be subsequently reclassified to income statement		
Currency translation adjustments	(238)	(141)
Debt instruments at fair value through other comprehensive income		
Change in fair value	(1,213)	(274)
Transfer to income statement on disposal	11	(41)
Changes in allowance for expected credit losses	2	14
Related tax	80	28
	(1,358)	(414)
Change in share of other comprehensive income of associates and joint ventures	36	3
Other comprehensive income for the financial period, net of tax	(1,397)	(266)
Total comprehensive income for the financial period, net of tax	623	1,752
Attributable to:		
Equity holders of the Bank	632	1,740
Non-controlling interests	(9)	12
	623	1,752

United Overseas Bank Limited and Its Subsidiaries
Consolidated Unaudited Balance Sheet as at 30 June 2022

	The Group		The Bank	
	Jun-22	Dec-21 ¹	Jun-22	Dec-21 ¹
	\$m	\$m	\$m	\$m
Equity				
Share capital and other capital	7,455	7,391	7,455	7,391
Retained earnings	27,419	26,431	19,859	19,224
Other reserves	7,383	8,811	8,396	9,468
Equity attributable to equity holders of the Bank	42,257	42,633	35,710	36,083
Non-controlling interests	228	228	-	-
Total equity	42,485	42,861	35,710	36,083
Liabilities				
Deposits and balances of banks	31,463	15,561	27,363	13,169
Deposits and balances of customers	358,051	352,633	282,952	277,193
Deposits and balances of subsidiaries	-	-	18,893	16,070
Bills and drafts payable	942	977	739	799
Derivative financial liabilities	12,436	5,172	11,099	4,161
Other liabilities	7,048	7,069	5,082	5,547
Tax payable	703	563	555	444
Deferred tax liabilities	400	431	265	269
Debts issued	39,760	34,056	37,817	32,781
Total liabilities	450,803	416,462	384,765	350,433
Total equity and liabilities	493,288	459,323	420,475	386,516
Assets				
Cash, balances and placements with central banks	47,806	36,558	38,216	28,356
Singapore Government treasury bills and securities	9,979	7,426	9,972	7,424
Other government treasury bills and securities	20,473	14,898	9,743	5,147
Trading securities	4,567	5,788	3,720	4,990
Placements and balances with banks	32,885	38,916	24,699	28,176
Loans to customers	317,529	306,713	252,458	243,608
Placements with and advances to subsidiaries	-	-	25,505	23,948
Derivative financial assets	11,658	5,362	10,146	4,251
Investment securities	33,180	29,068	29,160	24,556
Other assets	5,182	4,683	3,272	2,963
Deferred tax assets	596	510	197	126
Investment in associates and joint ventures	1,276	1,245	307	309
Investment in subsidiaries	-	-	6,727	6,291
Investment properties	797	829	875	902
Fixed assets	3,218	3,182	2,296	2,287
Intangible assets	4,142	4,145	3,182	3,182
Total assets	493,288	459,323	420,475	386,516
Off-balance sheet items				
Contingent liabilities	34,966	31,303	26,917	23,029
Financial derivatives	917,035	743,500	793,753	605,590
Commitments	181,965	175,269	152,193	135,917
Net asset value per ordinary share (\$)	23.81	24.08	19.90	20.16

Note:

1 Audited.

United Overseas Bank Limited and Its Subsidiaries
Statements of Changes in Equity for the financial period ended 30 June 2022

	The Group					
	Attributable to equity holders of the Bank					
	Share capital and other capital \$m	Retained earnings \$m	Other reserves \$m	Total \$m	Non- controlling interests \$m	Total equity \$m
Balance at 1 January 2022	7,391	26,431	8,811	42,633	228	42,861
Profit for the financial period	-	2,018	-	2,018	2	2,020
Other comprehensive income for the financial period	-	8	(1,394)	(1,386)	(11)	(1,397)
Total comprehensive income for the financial period	-	2,026	(1,394)	632	(9)	623
Transfers	-	2	(2)	-	-	-
Change in non-controlling interests	-	(1)	-	(1)	15	14
Dividends	-	(1,039)	-	(1,039)	(6)	(1,045)
Share-based compensation	-	-	31	31	-	31
Shares issued under share-based compensation plan	64	-	(63)	1	-	1
Balance at 30 June 2022	7,455	27,419	7,383	42,257	228	42,485
Balance at 1 January 2021	7,420	24,103	9,378	40,901	230	41,131
Profit for the financial period	-	2,011	-	2,011	6	2,017
Other comprehensive income for the financial period	-	5	(277)	(271)	5	(266)
Total comprehensive income for the financial period	-	2,016	(277)	1,740	12	1,752
Transfers	-	(1)	1	-	-	-
Change in non-controlling interests	-	-	-	-	(17)	(17)
Dividends	-	(692)	-	(692)	(5)	(698)
Shares issued under scrip dividend scheme	53	-	-	53	-	53
Share-based compensation	-	-	31	31	-	31
Shares issued under share-based compensation plan	48	-	(48)	-	-	-
Perpetual capital securities issued	749	-	-	749	-	749
Redemption of perpetual capital securities	(748)	(2)	-	(750)	-	(750)
Balance at 30 June 2021	7,521	25,424	9,086	42,031	219	42,250

Note:

As at 30 June 2022, the revaluation surplus of \$5.16 billion relating to the Group's properties, was not recognised in the financial statements.

United Overseas Bank Limited and Its Subsidiaries
Statements of Changes in Equity for the financial period ended 30 June 2022

	The Bank			
	Share capital and other capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2022	7,391	19,224	9,468	36,083
Profit for the financial period	-	1,664	-	1,664
Other comprehensive income for the financial period	-	9	(1,039)	(1,030)
Total comprehensive income for the financial period	-	1,673	(1,039)	634
Transfers	-	1	(1)	-
Dividends	-	(1,039)	-	(1,039)
Share-based compensation	-	-	31	31
Shares issued under share-based compensation plans	64	-	(63)	1
Balance at 30 June 2022	7,455	19,859	8,396	35,710
Balance at 1 January 2021	7,420	17,504	9,792	34,716
Profit for the financial period	-	1,774	-	1,774
Other comprehensive income for the financial period	-	(0)	(78)	(78)
Total comprehensive income for the financial period	-	1,774	(78)	1,696
Transfers	-	1	(1)	-
Dividends	-	(692)	-	(692)
Shares issued under scrip dividend scheme	53	-	-	53
Share-based compensation	-	-	31	31
Shares issued under share-based compensation plans	48	-	(48)	-
Perpetual capital securities issued	749	-	-	749
Redemption of perpetual capital securities	(748)	(2)	-	(750)
Balance at 30 June 2021	7,521	18,585	9,697	35,803

United Overseas Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement for the financial period ended 30 June 2022

	The Group	
	1H22	1H21
	\$m	\$m
Cash flows from operating activities		
Profit for the financial period	2,020	2,017
Adjustments for:		
Allowance for credit and other losses	315	383
Fair value change in other debts issued	(270)	(41)
Share of profit of associates and joint ventures	(52)	(71)
Tax	537	427
Depreciation of assets	249	236
Net loss/(gain) on disposal of assets	47	(124)
Share-based compensation	32	31
Operating profit before working capital changes	2,878	2,858
Change in working capital:		
Deposits and balances of banks	16,178	3,013
Deposits and balances of customers	7,382	15,358
Bills and drafts payable	(29)	320
Other liabilities	6,989	(6,098)
Restricted balances with central banks	246	(4)
Government treasury bills and securities	(8,474)	(791)
Trading securities	1,141	(648)
Placements and balances with banks	5,887	2,217
Loans to customers	(12,823)	(18,079)
Investment securities	(5,660)	(2,569)
Other assets	(7,009)	4,701
Cash generated from operations	6,706	278
Income tax paid	(413)	(341)
Net cash provided by/(used in) operating activities	6,293	(63)
Cash flows from investing activities		
Capital injection into associates and joint ventures	(1)	(1)
Distribution from associates and joint ventures	36	46
Purchase of properties and other fixed assets	(268)	(257)
Disposal of properties and other fixed assets	-	26
Net cash used in investing activities	(233)	(187)
Cash flows from financing activities		
Perpetual capital securities issued	-	749
Redemption of perpetual capital securities	-	(750)
Issuance of debts issued	23,229	16,626
Redemption of debts issued	(16,291)	(15,320)
Change in non-controlling interests	14	(17)
Dividends paid on ordinary shares	(1,005)	(600)
Distribution for perpetual capital securities	(40)	(45)
Dividends paid to non-controlling interests	(6)	(5)
Lease payments	(43)	(44)
Net cash provided by financing activities	5,858	593
Currency translation adjustments	(404)	205
Net increase in cash and cash equivalents	11,514	548
Cash and cash equivalents at beginning of the financial period	30,972	31,364
Cash and cash equivalents at end of the financial period	42,486	31,912

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The condensed interim financial statements for the first half ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

(b) Changes in Accounting Policies

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

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

The adoption of these amendments did not have a significant impact to the Group's financial information as at 1 January 2022 and for the half year ended 30 June 2022. The Group did not restate comparative information.

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

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the half year ended 30 June 2022 are the same as those applied in the audited financial statements for the financial year ended 31 December 2021.

(c) Critical Accounting Estimates and Judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2022

2 Income Tax

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

	Group	
	1H22	1H21
	\$m	\$m
Current income tax expense	568	431
Deferred income tax expense	(44)	(11)

3 Share Capital and Other Capital

	Jun-22		Dec-21	
	Number of shares '000	Amount \$m	Number of shares '000	Amount \$m
Ordinary shares				
Beginning of interim period	1,685,923	5,351	1,683,916	5,299
Shares issued under scrip dividend scheme	-	-	2,007	52
End of interim period	1,685,923	5,351	1,685,923	5,351
Treasury shares				
Beginning of interim period	(13,933)	(337)	(11,101)	(255)
Shares re-purchased - held in treasury	-	-	(4,900)	(130)
Shares issued under share based compensation plan	2,619	64	2,068	48
End of interim period	(11,314)	(273)	(13,933)	(337)
Ordinary share capital	1,674,609	5,078	1,671,990	5,014
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017		879		879
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019		749		749
2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021		150		150
2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021		599		599
Share capital and other capital of the Bank and the Group		7,455		7,391

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2022

4 Dividends

	The Group	
	1H22	1H21
	\$m	\$m
Ordinary dividends paid:		
Final dividend of 60 cents (2021: 39 cents) and special dividend of nil (2021: nil) tax-exempt per share paid in respect of prior financial year	1,005	653

In respect of the financial year ended 31 December 2022, the directors have proposed an interim tax-exempt dividend of 60 cents per ordinary share amounting to a total dividend of \$1,005 million.

5 Classification of Financial Assets and Financial Liabilities

In \$m	The Group					Total
	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	
Jun-22						
Cash, balances and placements with central banks	1,908	-	-	6,634	39,264	47,806
Singapore Government treasury bills and securities	236	-	-	5,967	3,776	9,979
Other government treasury bills and securities	1,496	-	-	16,669	2,308	20,473
Trading securities	4,567	-	-	-	-	4,567
Placements and balances with banks	8,705	-	-	3,754	20,426	32,885
Loans to customers	3,138	-	-	63	314,328	317,529
Derivative financial assets	11,658	-	-	-	-	11,658
Investment securities						
Debt	-	46	-	21,566	8,438	30,050
Equity	-	1,167	-	1,963	-	3,130
Other assets	1,923	-	-	3	3,021	4,947
Total financial assets	33,631	1,213	-	56,619	391,561	483,024
Non-financial assets						10,264
Total assets						493,288
Deposits and balances of banks and customers	3,725	-	770	-	385,019	389,514
Bills and drafts payable	-	-	-	-	942	942
Derivative financial liabilities	12,436	-	-	-	-	12,436
Other liabilities	1,839	-	774	-	3,211	5,824
Debts issued	-	-	972	-	38,788	39,760
Total financial liabilities	18,000	-	2,516	-	427,960	448,476
Non-financial liabilities						2,327
Total liabilities						450,803

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2022

5 Classification of Financial Assets and Financial Liabilities (continued)

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

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2022

6 Fair Value of Financial Instruments

(a) Valuation methodology, processes and controls for the period ended 30 June 2022 remained largely similar to that applied in the audited financial statements for the year ended 31 December 2021.

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

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

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

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

In \$m	The Group					
	Jun-22			Dec-21		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	4,969	3,573	-	3,576	4,818	-
Singapore Government treasury bills and securities	6,203	-	-	7,072	-	-
Other government treasury bills and securities	16,444	1,721	-	12,845	1,896	-
Trading securities	1,097	3,437	33	1,581	4,006	201
Placements and balances with banks	-	12,459	-	-	17,870	-
Loans to customers	-	3,201	-	-	3,852	-
Derivative financial assets	334	10,999	325	250	5,017	95
Investment securities						
Debt	2,853	17,668	1,091	1,247	16,243	1,182
Equity	1,144	-	1,986	1,370	-	2,080
Other assets	1,492	434	-	1,556	358	-
	34,536	53,492	3,435	29,497	54,060	3,558
Total financial assets carried at fair value			91,463			87,115
Deposits and balances of banks and customers	-	4,495	-	-	2,083	-
Derivative financial liabilities	411	11,864	161	205	4,916	51
Other liabilities	247	2,366	-	458	2,254	-
Debts issued	-	972	-	-	1,229	-
	658	19,697	161	663	10,482	51
Total financial liabilities carried at fair value			20,516			11,196

United Overseas Bank Limited and Its Subsidiaries
Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2022

6 Fair Value of Financial Instruments (continued)

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

In \$m	The Group							Unrealised gains or losses included in income statement
	Balance at 1 January	Fair value gains or losses		Purchases	Settlements	Transfer in/(out)	Ending Balance	
		Income Statement	Other comprehensive income					
Jun 22								
Assets								
Trading securities	201	(2)	-	1	(167)	0	33	(2)
Derivative financial assets	95	230	-	-	-	-	325	230
Investment securities								
- debt	1,182	1	(27)	465	(30)	(500) ⁽¹⁾	1,091	1
Investment securities								
- equity	2,080	(23)	(42)	136	(165)	-	1,986	(23)
Liabilities								
Derivative financial liabilities	51	110	-	-	-	-	161	110
Dec 21								
Assets								
Trading securities	976	0	-	201	(976)	0	201	0
Derivative financial assets	120	(25)	-	-	-	-	95	(25)
Investment securities								
- debt	2,221	(7)	0	660	(1,534)	(158) ⁽¹⁾	1,182	(7)
Investment securities								
- equity	1,911	105	11	151	(70)	(28)	2,080	105
Liabilities								
Derivative financial liabilities	190	(139)	-	-	-	-	51	(139)

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

(d) Effect of changes in significant unobservable inputs

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

United Overseas Bank Limited and Its Subsidiaries

Notes to the Condensed Interim Financial Statements for the financial period ended 30 June 2022

7 Debts Issued

	The Group	
	Jun-22	Dec-21
	\$m	\$m
Unsecured		
Subordinated debts	6,410	5,333
Commercial papers	16,359	13,618
Fixed and floating rate notes	7,491	6,016
Others	973	1,234
Secured		
Covered bonds	8,527	7,855
Total	39,760	34,056
Due within 1 year	18,280	16,827
Due after 1 year	21,480	17,229
Total	39,760	34,056

Pursuant to the Bank's USD8 billion Global Covered Bond Programme, selected pools of residential mortgages that were originated by the Bank have been assigned to a bankruptcy-remote structure entity, Glacier Eighty Pte Ltd. These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

8 Commitment

On 14 January 2022, the Group proposed to acquire Citigroup Inc.'s (Citi) consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the "Consumer Business") in Indonesia, Malaysia, Thailand and Vietnam. Total cash consideration on this acquisition is based on an aggregate premium equivalent to \$915m plus the net asset value of the Consumer Business as at completion.

Completion of the acquisition in each country will be conditional on obtaining regulatory approvals relevant to each country and in Singapore. It is estimated that completion will take place between 2H 2022 and 2024, depending on the progress and outcome of the regulatory approval process.